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Japan

USTR Kanto Interviewed on Auto Trade Talks

OW2204013495 Tokyo KYODO in English 0117 GMT 22 Apr 95

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, April 21 KYODO—The United States will continue to seek an accord on auto trade with Japan through negotiations rather than press Tokyo with retaliatory threats, U.S. Trade Representative Mickey Kantor said Friday [21 April].

"We have said before that we will not wait forever, which we won't. But the preferred route is through negotiations and I would be pleased if that was the result of the discussion," Kantor said in an interview with KYODO NEWS SERVICE.

Highlighting his message throughout the interview of using negotiations to resolve the impasse with Japan, Kantor brushed off reports that the U.S. is ready to slap a list of items subject to Section 301 trade sanctions as early as May.

"I think it is unfortunate if people are engaging in threats at this point. We are not doing that," Kantor stressed.

"We are merely saying that we are committed to opening this (Japanese auto) market and we hope to do it by negotiations if possible," he said.

Kantor also voiced his strong wish to hold a bilateral meeting with Japanese Minister of Trade and Industry Ryutaro Hashimoto who has expressed reluctance to do so during a "quad" four-way trade ministers' conference in Whistler, near Vancouver, Canada in early May.

If Hashimoto will agree to such a meeting, "I would be pleased to meet with him," Kantor said.

On Thursday, Hashimoto told reporters that he will decide whether to meet one-on-one with Kantor after expert-level talks are held next week in Tokyo.

Kantor said, "If for whatever reason he (Hashimoto) thinks it not in Japan's interest to carry on these discussion, of course that is his decision and not mine."

But he stressed, "I am prepared to meet with him, obviously," indicating his expectations for progress in the Tokyo working-level meeting next week.

Kantor apparently took the softer approach to diffuse disputes between vice ministers earlier this week that was feared by currency dealers as a sign of a looming trade war. The dollar briefly plunged below 80 yen in Tokyo trading Wednesday for the first time in postwar history on speculation that the U.S. will use the dollar-yen rate to threaten Japan.

Kantor refused direct comments on the impact of the trade talks on currency exchange rates, but he voiced concern about both economies.

"Failure to recognize this problem will have an adverse effect on both the United States and Japan," he said.

With the subcabinet consultation failing to produce major progress, U.S. negotiators said Washington is prepared to resort to "other options" to resolve the talks. Japanese officials countered by stressing their readiness to bring the case to the new global watchdog World Trade Organization (WTO) to serve as a "referee" if the U.S. takes retaliatory actions.

The U.S. initiated a yearlong Section 301 probe under its trade laws into Japan's replacement parts market last October, with a deadline for possible sanctions set for Sept. 30. U.S. officials have recently said the U.S. is preparing to move up the deadline.

Kantor said, "We haven't had a trade war in the world in 60 years and I don't expect we are going to have one now."

On the controversial U.S. demand for renewed voluntary plans by Japanese automakers to buy foreign parts, Kantor indicated that he will continue to seek Japanese commitment on the issue, but declined to comment on whether Washington is ready to propose anything new to Japanese negotiators.

Calling Japan's insistence in rejecting such voluntary plans as "contradictory," Kantor said the Japanese Government says on the one hand "with Europe they have export restraints. With the United States they don't want to be involved in market controls."

"There will be no total agreement without all three being addressed," Kantor said, pointing to the need for Japan to open its finished auto, original equipment auto parts and secondary markets.

The auto and auto parts areas are the only sectors unsolved among the three priority areas under the bilateral framework negotiations.

Asked whether the U.S. is thinking of a new formula for renewing voluntary plans, Kantor said, "I am not going to negotiate the specifics in public. I think that would not be fair to my Japanese colleagues nor would it be helpful to negotiations."

Official Informs WTO of Auto Talks Stance

OW2204092895 Tokyo ASAHI SHIMBUN in Japanese 21 Apr 95 Morning Edition p 11

[By Katsuhiko Nimura]

[FBIS Translated Text] Geneva, 20 Apr—Councillor Yoshihiro Sakamoto of the Ministry of International Trade and Industry [MITI] attended the vice-ministerial auto and auto parts talks under the new Japan-U.S. economic consultations. He then met officials of the

World Trade Organization [WTO], including Secretary General Peter Sutherland, in Geneva on 20 April to tell give them details of the consultations and outline Japan's basic attitude toward the issue.

Japan plans to file a complaint with the WTO if the bilateral talks end without agreement and the United States decides to impose sanctions against Japan.

Sakamoto said: "Those officials who attended the recent talks indicated their understanding."

He added: "Once the United States announces a list of sanctions to be imposed pursuant to Section 301 of the U.S. Omnibus Trade Act (on retaliation against unfair trade practices), our fear of the possible impact on Japan's profits will become a reality. We then intend to start bilateral talks at the WTO."

Those involved in the talks feel it is an obvious alternative for Japan to apply the WTO's dispute-settling framework to settle the problem because some aspects of Section 301 of the U.S. Omnibus Trade Act are not approved by the WTO.

On the other hand, the United States may file a complaint to WTO against Japan over the closed nature of its auto industry.

If that happens, Sakamoto said: "Japan will be ready to accept the U.S. challenge and discuss the issue with sincerity. Our regulations mostly concern environmental problems. We believe our regulations will not be found unreasonable."

JAMA Criticizes U.S. for 'Stalling' Talks

OW2204150595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Apr 95 Morning Edition p 11

[FBIS Translated Text] Concerning the auto and auto parts negotiations of the Japan-U.S. economic framework talks, which are facing difficulties, the Japan Automobile Manufacturers Association [JAMA] (chairman: Tatsuro Toyoda) issued a statement on 20 April, saying: "The primary cause of the problem which is stalling progress at the negotiations is the unilateral demand by the U.S. Government and U.S. industrial circles, who are trying to fix responsibility only on Japan." In noting the actual results, which prove that purchases of U.S.-made parts by Japanese automakers are increasing significantly, the JAMA is claiming that the U.S. manufacturers, including the big three, are not making enough efforts to explore Japanese market. The JAMA made a request to the U.S. Government, saying: "We hope progress will be made at the negotiations while taking into account the essentials of the Japan-U.S. auto issue."

In the statement, the JAMA first pointed out that the market share of imported cars in the Japanese market grew to 8.1 percent (as of 1994) and that the market share of European cars in the Japanese market (4.9 percent) exceeds that in the U.S. market (3.2 percent). Then the JAMA made a counter argument against the U.S. criticism that "Japan is a closed market."

Moreover, while showing that the Japanese automakers' purchases of U.S.-made parts amounted to 15.5 billion dollars (as of fiscal 1993), which is a six-fold increase over the past seven years, although the number of Japanese cars exported to the United States is decreasing, the JAMA stressed that Japan is trying to solve the issue of its trade surplus. Saying that the big three are only selling two types of cars in Japan with a steering wheel on the right side, the JAMA explained its view that the big three's efforts to explore Japanese market are not sufficient.

After the statement was announced, Yoshifumi Tsuji, president of Nissan Motor Co. and acting chairman of the JAMA, commented on the request the U.S. Government made by asking that Japan buy additional U.S.-made parts. Tsuji first pointed out: "The figure shown in the Japanese automakers' voluntary plan to buy U.S.-made auto parts is the maximum expected amount." He then said: "We have absolutely no plan to revise it (to increase our purchases)."

Rupture of Auto Talks, Weak Dollar Debated

OW2304085695

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2230 GMT on 22 April, in its regular Sunday magazine "News 2001" program, carries a 30-minute live panel debate on the theme, "The Rupture in the Japan-U.S. Talks; The Structure That Produces a Strong Yen." The debate, moderated by FNN newscaster Yuji Kuroiwa, is joined by Ryutaro Hashimoto, minister of international trade and industry, Masaru Hayami, chairman of the Japan Association of Corporate Executives [Keizai Doyukai], and Kazuhide Uekusa, economist and guest researcher at Stanford University. Kenichi Takemura, political columnist, is also present as a guest commentator.

Kuroiwa begins the debate by noting that Minister Hashimoto does not agree with the view of some economists who believe the yen has appreciated to the extent it has because of the failure of the Japan-U.S. talks on autos and auto parts to reach agreement. He asks Hashimoto why he disagrees.

Hashimoto insists the auto talks have nothing to do with the recent surge in the value of the yen, saying: "The auto talks have been stalemated since September last year. The reason is that they [the U.S. Government] insist that private Japanese auto manufacturers increase in scale voluntary plans to buy more U.S.-made parts. We reject the request because it is not something the government can get involved in."

He adds: "In late December, when they proposed the resumption of the talks, we told them we could not take up issues beyond the competence of the government, and that we would be prepared to resume the talks on that condition."

Hashimoto says the trend of the yen's surge in value started in February 1994 when then Prime Minister Morihiro Hosokawa remarked that Japan and the United States needed to enter into an "adult relationship [otonano kankei]."

Doyukai head Hayami is asked his view on the U.S. demand to upscale the parts purchase plans. He says it is synonymous with agreeing to set numerical targets.

Hayami says: "I am opposed to setting numerical targets for procurement in individual areas of industry."

He adds: "It is impossible for governments to agree on purchase volumes between private companies. Consumers have to make choices. If prices are cheap, there is no doubt the products will sell."

Hashimoto then cites a decrease in volume and value of Japanese auto exports from 1992 to 1994. He says the reason why U.S. imports have not grown as large as those from Europe is down to the efforts made by U.S. companies.

He says: "Why can't they [U.S. companies] do it when the European companies can?"

Columnist Takemura says the U.S. Government is persistent in its demand because the Japanese Government changes its position, sometimes adopting a tough attitude, sometimes looking timid.

Hashimoto says: "I will not change as long as I have my neck intact [as long as I am trade minister]."

At 2333 GMT, the topic turns to the question of how to deal with the strong yen. Kuroiwa notes that Hashimoto said on a television program on 16 April that he had asked Finance Minister Takemura to propose that the U.S. Government issue yen-denominated government bonds. The moderator says the U.S. turned down the proposal, and asks Hashimoto why he thinks the U.S. Government did that.

Hashimoto says he does not know exactly what happened, but that he had proposed it for the following reasons: "The biggest was that it could serve as a message the U.S. Government does not want the dollar to fall further." He says he had hoped the U.S. Government would have said what it was prepared to do to prevent the dollar falling if it did not want to issue yen-based bonds.

Hayami says: "As far as finding funds for market intervention is concerned, there are now various ways and channels to secure them in large amounts without substantial losses—the swap arrangement being one of them. I can, therefore, understand why they say they do not need to secure funds from overseas to prop up the dollar, including going so far as to issue yen-based bonds. I think the reason they turned down the proposal was probably because they do not see the need for it."

Economist Uekusa refers to the government measures to deal with the strong yen, asking Hashimoto about the package announced on 14 April. Hashimoto says the package comprises approval of a supplemental budget, early implementation of the government deregulation plan, circulating back to the public the gains from the weak dollar, and a cut in the official discount rate.

Hayami says: "The package appears to cover all the necessary areas, but what we need is a little clearer timetable on reform of the industrial structure. The problem is, after all, the trade surplus. I think the package has had little effect because it does not show how the surplus will be reduced."

He adds that the U.S. Government should do something about the dollar, pointing out the dollar is losing credibility and other countries have started to desert it for other currencies.

Envoy on U.S. Ties, Yen Hike, Auto Talks

OW2404084595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Apr 95 Morning Edition p 2

[Interview with Ambassador to the United States Takakazu Kuriyama by Hideki Tomisawa, deputy chief editor; place and date not given: "Japan-U.S. Relations Need a Sense of Direction"—first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] On the occasion of the 50th year since the end of World War II, Japan-U.S. relations are facing a critical turning point. As relations between the two countries mature into "the most important bilateral relationship in the world," (according to U.S. President Bill Clinton) this relationship has also been increasingly characterized by conflict over the trade imbalance, the perception gap regarding World War II, and other issues. Many now point to the "precariousness of the Japan-U.S. relationship." After the end of the Cold War, the United States is becoming increasingly inward-looking and less concerned about Japan. Some Americans even talk about a review of the Japan-U.S. security arrangement. The mechanism of Japan-U.S. coordination has also failed to function on the issue of the appreciation of the yen. We interviewed Ambassador to the United States Takakazu Kuriyama, who is on temporary home leave, on the present state and outlook of Japan-U.S. relations.

The Present State of the Two Countries

[Tomisawa] What do you think of the present state of Japan-U.S. relations?

[Kuriyama] It seems that both Japan and the United States have lost their sense of direction regarding the bilateral relationship. Some people say the relationship is now drifting, and the two countries now ignore each other. That would be appalling. Under the environment of the new post-Cold War era, both countries need to rethink the Japan-U.S. relationship. They need to think about the direction of bilateral cooperation, and the objectives of such cooperation. They have to regain a firm grasp on their sense of direction.

As we mark the 50th anniversary of the end of the war, both countries should work seriously to build a future-oriented bilateral relationship. In preparation for President Clinton's visit to Japan in November, we have to think about various things and take various steps.

[Tomisawa] President Clinton's statement "justifying" the atomic bombing of Japan is creating a stir.

[Kuriyama] The Japanese Government is not in a position to comment on the rights or wrongs of the United States' dropping of atomic bombs. I think the U.S. officials in positions of responsibility understand, to an extent, the Japanese national sentiment on atomic bombs, and the President also understands this to a certain degree.

On Japan's part, we need to continue to talk about the tragedy entailed in the use of nuclear arms, and call for non-use of such weapons. However, this should not affect Japan-U.S. relations in the future.

Economic Policies

[Tomisawa] It seems that a crack has emerged in the Japan-U.S. coordination mechanism regarding appreciation of the yen.

[Kuriyama] The greatest concern of the U.S. monetary authorities is how to effect a soft landing for the U.S. economy, which is now moving at full speed. It is probably not going to do the things Japan hopes for. Economic conditions in individual countries often clash with the interests of macroeconomic policy coordination to stabilize the international foreign exchange market. The issue of macroeconomic policy coordination is not only a problem that concerns Japan and the United States; it is a common problem for Japan, the United States, and Europe.

If the Japanese trade surplus is not reduced, pressure to appreciate the yen will not diminish. Likewise, if the U.S. fiscal deficit is not slashed, mid- and long-term pressure for dollar depreciation will not wane. There can be no solution unless the two countries change their fundamental economic structures.

[Tomisawa] What do you think of the deadlock in the talks on automobiles and auto parts?

[Kuriyama] Japanese parts makers have increased their local procurement in the United States tremendously, and the export of assembled cars to Japan is increasing. The United States needs to look at the economic reality more calmly and objectively. By doing so, a way to reach agreement can be found. I am concerned that this is not happening under present circumstances. It is unacceptable for the United States to resort to unilateral measures. If such measures are taken, we will have to bring this to a multilateral venue for a verdict on the legitimacy of such unilateral measures.

[Tomisawa] Some say the difficult political situation President Clinton is in, with Congress being dominated by the Republican Party, is affecting Japan-U.S. relations.

[Kuriyama] In the U.S. Congress, it is now invalid to say categorically that the Democratic Party stands for protectionist trade, while the Republican Party favors free trade. A seasoned member of Congress even says: "The younger Republicans are not traditional free trade advocates." In an inward-looking America, considerable forces for protectionist trade are at work. If we are not careful, there is a very real danger that the United States may resort to protectionism, using Japan's trade surplus as an excuse.

Security Setup

[Tomisawa] What do you think of Japan and the United States' role in Asia and the Pacific?

[Kuriyama] While the United States has become very inward-looking, it also has a growing interest in Asia and the Pacific. It now looks at this region to be a huge market for trade and investment, and a region important for U.S. employment. In such a situation, the perception of ordinary Americans of the position and role of Japan is somehow characterized by a tendency toward "Japan bashing," which gives more importance to China and East Asia rather than to Japan. However, experts understand that the United States' multifaceted interests in Asia and the Pacific cannot be defended without cooperation between Japan and the United States. The Asia-Pacific Economic Cooperation (APEC) framework will not work without Japan-U.S. cooperation.

[Tomisawa] What do you think about the talk on rethinking the Japan-U.S. security setup?

[Kuriyama] After reviewing its security strategy in East Asia, the United States has come to the conclusion that it needs to maintain its frontal deployment in the future. The Clinton administration's basic thinking is that to cope with the new international environment, the United States needs to maintain its bilateral security arrangements with Japan, the ROK, and other nations. On top of this, regional multilateral dialogue and gradual building of a security framework are key supports to the U.S. strategy.

It is important for Japan and the United States to cooperate extensively in the area of security in the future through cooperation in UN peacekeeping operations (PKO), participation in security dialogue, such as the ARF (ASEAN Regional Forum), and efforts to deal with the DPRK (North Korea).

[Tomisawa] What is the outlook regarding North Korea's suspected development of nuclear arms and the issue of supplying the DPRK with light water reactors?

[Kuriyama] The nature of North Korea as a nation makes things difficult. Given a chance, it will try to drive a wedge among Japan, the United States, and South Korea, and draw the best terms possible for itself. This is a country covered with a veil and it will be difficult to predict what will happen. The only way is for Japan, the United States, and the ROK to unite and work persistently.

[Tomisawa] What would be the ideal future relationship for Japan and the United States?

[Kuriyama] Overall, the two countries share common interests and it will be necessary for them to cooperate in the future. The importance of the two countries is overwhelming, and stability and economic development in Asia and the Pacific will be impossible without cooperation between Japan and the United States. It is important for the two countries to have a blueprint for a longer period in the future, and solve specific problems according to their relative importance in this blueprint, instead of dealing with individual issues on a case-by-case basis. Japan and the United States should have a common goal and advance together toward this goal. I think what is needed most is an approach on how to deal with problems for a certain period of time.

Editorial Calls for Agreement in Auto Talks

OW2204113295 Tokyo YOMIURI SHIMBUN in Japanese 20 Apr 95 Morning Edition p 3

[Editorial: "Let Us Find a Way To Reach an Agreement in the Japan-U.S. Talks"]

[FBIS Translated Text] The value of the yen in the exchange market has broken the level of 80 yen per dollar. This means that the post-war record set before enforcing measures to address the strong yen problem, such as cutting the official discount rate, has been broken already. This means that the measures had no effect on stopping the yen from rising further and the dollar from continuing to fall.

The impasse in the negotiations over autos and auto parts in the Japan-U.S. economic consultations and U.S. Secretary of Commerce Brown's remarks suggesting the imposition of sanctions against Japan promoted the selling of the dollar.

To restrain the recent, abnormal exchange rate trends, we have so far warned the Murayama government about the importance of an early resolution of the Japan-U.S. talks on automobiles and auto parts, as well as of the formulation of measures to deal with the strong yen problem without delay.

Not only a rupture of the talks, but even prolonged confrontation in the talks will only instigate the mood for buying yen and selling dollars, thus impeding the healthy development of the overall Japan-U.S. relationship.

We hope that both the Japanese and U.S. governments will do all they can to conclude the talks before the Japan-U.S. trade ministers' meeting, which will be held around the same time as that of the quadripartite talks, in early May.

In the negotiations over the auto and auto parts sector, the U.S. Government demands that: 1) the Japanese Government call on Japanese auto manufacturers to exert their influence so that the network of dealers handling U.S. vehicles may be expanded; and 2) regulations controlling replacement parts be drastically eased.

During news conferences and on other occasions, U.S. Government officials have declared that they would impose sanctions, applying Section 301 (the president's imposition of sanctions against unfair trade practices) of the U.S. Omnibus Trade Act, if they fail to get acceptable results in the area of replacement parts. These officials have asserted, "The scaling up of the Japanese auto manufacturers' plans for procurement of U.S.-made parts is essential for an agreement to be reached in the negotiations."

In fact, some people think the United States' supreme aim in the talks is to have each and every one of the Japanese auto manufacturers accept the scaling up of their procurement plans. But, of course, the appropriate thing to do in this regard is to let the manufacturers make their own decisions.

The Japanese auto manufacturers procured U.S.-made parts worth $9 billion in 1990, and they are believed to have achieved the targeted amount of $19 billion in 1994. The United States should accept such an achievement in a positive manner, and should entrust all the individual companies with doing their best henceforth.

It is also wrong for the U.S. Government to demand that the Japanese Government intervene in efforts to expand sales networks for U.S. vehicles.

Among Japanese dealers, there are now growing moves to depart from their previous system of selling only products of the manufacturers with which they are affiliated, and to actively sell imported products, as a result of the growing popularity of U.S. and European vehicles. This popularity has been helped by the stronger yen and the weaker dollar. The number of vehicles imported last year grew by 40 percent over the previous year, and as far as U.S.-made vehicles are concerned, the number of imported vehicles from Ford Motors grew by 2.3 times and that of Chrysler by 1.6 times.

The U.S. Government needs to urge U.S. auto manufacturers to bring compact and right-hand-drive cars into the Japanese market and also to have part suppliers and repair service training facilities set up in the market. This will create an environment in which dealers will be more willing to handle U.S. vehicles.

For Japan, there is the issue of deregulation concerning replacement parts to handle. There is a room for Japan to be more positive and cooperative in this area.

If vehicle inspection processes are deregulated—for instance, by improving on the criteria for "licensed service shops" and thus eliminating the need for inspections from the Ministry of Transport at the time of replacing major parts—it will be easy to import cheap but high-quality parts, resulting in circulating gains from the cheap dollar back to consumers.

It is natural that deregulation should proceed with the safety of drivers in mind, but if the Japanese Government rebels against the U.S. sanctions threat and rejects deregulation without justifiable reasons, such an action will only end up giving the U.S. Government more excuses for imposing sanctions.

BOT's Gyoten Comments on Yen Appreciation

OW2204100795 Tokyo YOMIURI SHIMBUN in Japanese 22 Apr 95 Morning Edition p 9

[Summary of comments by Bank of Tokyo (BOT) Chairman Toyoo Gyoten in an interview with unidentified YOMIURI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] The industrialized nations need to share the view that exchange rate stability is needed for the world economy to develop.

After that, they need to promote policy coordination, including cooperation on interest rates, and on the structural adjustment which will lead to the correction of the trade imbalance. Coordinated intervention in the currency market is effective only when it is conducted through cooperation by each nation at an appropriate time and scale. Cheap tricks will not rectify the current weak-dollar and strong-yen tendency.

On the other hand, during the yen's current surge against the dollar, the United States has not taken the weak dollar seriously. There is no common feeling in the United States that the "weak dollar has to be protected." This is one of the reasons why the weak-dollar and strong-yen situation has not been rectified.

Under the 1985 Plaza Accord on correcting the strong dollar, an agreement among various nations brought favorable results. The accord indicated how important it is for each nation to take coordinated domestic measures as well.

However, since the dollar's first-ever dive below the 80 yen level has indicated that the appreciation of the yen has entered its final stage, the timing of the autonomic reversal of the situation is at hand. To spur this autonomic reversal, Japan and the United States should cooperate in taking domestic and exchange market measures.

Kato on Dollar-Based Foreign Currency Reserves

OW2404070195 Tokyo KYODO in English 0631 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—The Chairman of the Liberal Democratic Party's Policy Affairs Research Council, Koichi Kato, urged leaders of the government and ruling parties Monday [24 April] to change Japan's dollar-based foreign currency reserves so as to be based on the German mark.

In the wake of rapid rises of the yen's value against the U.S. dollar, Kato said the United States has not made enough effort to protect the dollar from current lows.

"Japan should reconsider its dollar-based foreign currency reserves," he said, adding that gold and the German mark could be possible substitutes for the dollar.

Kato made the calls at a meeting of senior members of the three ruling parties, and meeting of the leaders of government and ruling parties.

Saito on Tokyo's Request for U.S. Rate Rise

OW2404100995 Tokyo KYODO in English 0902 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—Japan's senior finance bureaucrat did not rule out Monday [24 April] the possibility that Finance Minister Masayoshi Takemura may urge the United States to raise interest rates.

Vice Finance Minister Jiro Saito told a regular news conference it is best for him not to state a "clear opinion" on a U.S. rate hike, which was urged Sunday by the International Monetary Fund (IMF) to help boost the dollar.

But when asked about his boss, Saito said "that is another issue," noting that Takemura is in Washington for high-level finance meetings that include IMF members and finance ministers and central bankers of the Group of Seven major industrial nations.

Takemura will likely meet one-on-one with U.S. Treasury Secretary Robert Rubin, Saito said.

There has been speculation whether Takemura, who has urged closer international coordination to curb the yen and boost the dollar, will sound out the U.S. about a rate hike, to complement recent rate cuts by the Bank of Japan and Germany's Bundesbank.

Saito also said he expects the government to submit to the Diet around May 15 a supplement to the current fiscal year budget meant to boost reconstruction from the Kobe earthquake and try to curb the yen with deregulation and stimulative fiscal spending.

He said he has not changed his stance of "closely watching" how new Tokyo Gov. Yukio Aoshima handles a controversial central government-led bailout of two failed credit unions. Aoshima repeated his objection to Tokyo's participation in the bailout on Monday.

Corporate Plans To Counter High Yen Viewed

OW2304023495 Tokyo KYODO in English 0114 GMT 23 Apr 95

["Feature: Yen-Hit Makers Race To Create High Value-Added Products"]

[FBIS Transcribed Text] Tokyo, April 23 KYODO—The yen-pummeled Japanese manufacturers have eyed cost cuts and the creation of high value-added high-tech products, such as wide-screen television sets and multimedia goodies, as crucial remedies to survive the yen's rampaging onslaught.

But a growing number of electronics makers and automakers, which together earn the far biggest chunk of Japan's trade surplus, recently acknowledged even these strategies have some serious deficiencies.

"We can no longer secure an acceptable level of profit even if we have marketed conventional TV sets," an official at Victor Co. of Japan (JVC) said.

The leading manufacturer of videocassette recorders and TV sets has recently decided to stop producing conventional TV sets in Japan whose screens provide the fixed 4-to-3 ratio between their horizontal width and vertical height, the official said.

Instead, the official said, JVC will specialize in the manufacturing of wide-screen TV sets whose screens provide a greater relative horizontal width.

The official blamed the hard decision on a huge influx of cheap TV sets from southeast Asian countries that are taking advantage of the soaring yen, which makes Japanese imports cheaper, while jacking up the price of Japanese exports abroad.

To beat these Asian competitors, Japanese makers are forced to pare their prices on the domestic market, while coming under greater pressure to hike export prices to pass on the effects of the higher yen at the risk of alienating some possible foreign buyers.

Domestic production of color TV sets plunged to 10.76 million units in 1993, from 16.88 million in 1985, while overseas plants affiliated with Japanese makers bolstered output to 27.43 million in 1993—2.5 times the domestic output.

Japanese makers and government supervisors are unanimous in believing that the creation of hit items among high value-added products will be effective in retaining the makers' current market shares in Japan and abroad.

However, the auto industry is facing greater difficulties than those for TV makers, industry sources say.

There is only limited leeway to create high value-added automobiles with attractive, original innovations, as automobiles, a sector where huge investments in research and development have been made in the past, have reached a high level of maturity worldwide as an industrial product, they say.

Such a history has resulted in great similarities among the automobiles produced by Japanese, U.S. and European auto manufacturers, they say.

What makes or breaks an automaker is how far it can meet consumers' needs while holding down prices.

An official of a leading Japanese automaker said, "All we can perceive to counteract the yen's rampage is to cut costs, or to move production overseas or to transfer the effect of the soaring yen onto export prices."

The hollowing-out of the auto industry has already advanced to a considerable degree, with Japanese manufacturers producing 3.17 million autos in foreign countries in 1993.

The figure implies that such overseas production has shot up by more than 50 percent in four years.

Exporters are forced to squeeze profit margins amid the skyrocketing yen, unless they decide to recoup potential exchange losses by raising prices overseas by the same margin as the yen's appreciation.

Toshiba Corp. took the unusual step of kicking off negotiations with its foreign buyers to again jack up the export prices of its semiconductor memory chips shipped or to be shipped during a three-month period from April, informed sources said.

However, South Korean electronics giants such as Samsung Electronics Co. are gradually catching up with the performance of Toshiba's memory chips, they said.

A Toshiba official said, "We would not be able to counteract the yen's appreciation" if its ascent continues.

Sony Corp. President Nobuyuki Idei said, "A further hollowing-out is inevitable. Unemployment will become a serious social problem in two to three years."

Hiroshi Okuda, a vice president of Toyota Motor Corp., said the auto and electrical appliance industries will no longer be able to provide many jobs to Japanese workers.

"Now it is high time for Japan to strive to nurture new industries specializing in high value-added products so such industries can absorb the surplus workforce," he said.

Matsushita Electric Industrial Co. sold what it described as "a controlling interest" in the Hollywood entertainment giant MCA Inc. to Canadian distiller Seagram Co. earlier this month.

The electronics company used to say it acquired MCA in 1990 with an eye to cashing in on the "synergies" between sales of software products like films and videos and its electronics hardware.

However, a top-ranking official of a longtime rival of Matsushita questioned how deeply the company has realized "the importance of the software-based strategy" or the strategy of taking advantage of the active creation of new software products to bolster its business fortunes.

This episode illustrates the difficulties Japanese firms are facing in their ongoing uphill battle to create high value-added products, the sources said.

Executives Urged To Adapt to Strong Yen

OW2104111395 Tokyo KYODO in English 1057 GMT 21 Apr 95

[FBIS Transcribed Text] Tokyo, April 21 KYODO—An influential business leader urged corporate executives Friday [21 April] to take advantage of the strong yen in steering their enterprises.

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), made the appeal in his last news conference as the group's leader.

He will step down having served two consecutive two-year terms and hand over the post to Jiro Ushio, vice chairman of the organization and chairman of lighting equipment maker Ushio Inc.

Hayami said, "Japan will sink if the yen weakens but there is no reason to worry as its money remains strong."

He stressed the need for Japanese industry to rebuild itself through reform to overcome the yen's value of 80 to the dollar.

Japan has grown up under the lead of the export industry, and now it is time to change in face of the strong yen, he added.

If the yen rises to 70 to the dollar, the gross domestic product of Japan and the United States will be almost the same, he said.

Effect of High Yen on Consumers Examined

OW2004152195 Tokyo KYODO in English 1433 GMT 20 Apr 95

[KYODO "News Focus: Structural Snags Block Japanese Consumers Yen Benefits"]

[FBIS Transcribed Text] Tokyo, April 20 KYODO—The good news is that the soaring yen, which is racking up a series of postwar highs against the dollar, makes it cheaper for Japan to import.

The bad news is that a warped system of time-honored protection and tangled distribution prevents high-yen benefits from making their way efficiently to consumers, industry officials say.

Although the high yen punishes Japan's high-profile exporters, tending to price them out of foreign markets, the strong domestic currency theoretically should help Japanese importers by letting them buy more easily and to pass along the savings to newly price-conscious domestic consumers.

But from beer to gasoline to airfares, Japan's industrial structure—criticized at home and abroad as a labyrinth—prevents consumers from getting the full benefit of their national currency's might.

The currency markets reacted with a sneer to last week's government package of spending and deregulation steps aimed at curbing the ballistic yen. The currency knocked the battered dollar to yet another postwar low of 79.75 yen Wednesday before it receded modestly.

But as Japan's government has not shown the resolve to truly attack structural economic problems, officials in import-related businesses say conditions have yet to be established for industry and consumers to take full advantage of market principles.

As discounters use the high yen to bring hitherto unknown beer brands to Japanese tables, for example, big domestic makers should be able to respond at least by importing cheaper raw materials.

"There is a high-yen merit in importing malt and hops," says Kenzo Edamoto, president of Sapporo Breweries Ltd. "But with domestic barley quotas from the Ministry of Agriculture, Forestry and Fisheries, high costs such as distribution routes from the wholesaler to the general dealer can't be resolved easily."

When malt imports were liberalized in 1974, domestic producers were mollified with a requirement that brewers procure a fixed portion of barley domestically.

With domestic barley procurement about 20 percent of the annual 140,000 tons used by the four major Japanese beer companies and the domestic crop costing about six times as much as imports, explains an official of the Brewers Association of Japan, "The industry as a whole is saddled with an added burden of 20 billion yen a year."

Sapporo is responding by beefing up the malt content to combat a different source of costs—taxes. With more than 25 percent malt content, its drafty beer introduced Thursday can avoid regular beer taxes and sell for 160 yen per 350 milliliter can, about 60 yen below most domestic beer and closer to import prices.

Faced with new low-tax beers, Asahi Breweries Ltd. and Suntory Ltd. are fighting back with beer imports aimed for sale in convenience stores. Sapporo, not to be outdone, plans to begin importing beer brewed on consignment abroad after the Golden Week holidays in early May.

And yet, mitigating the low-cost effects of such competition is a distribution system in which 80 percent of the nation's 130,000 retail liquor stores are supported by the makers, who exert control by insisting that one or two wholesalers stand between the factory and the consumer.

Although Kirin Brewery Co. has a plant near Sendai, the capital of Miyagi Prefecture, food and alcohol discount retailer Yamaya Corp. of nearby Shiogama is forced to buy through a wholesaler in the neighboring prefecture to the south, Fukushima, complains Yamaya president Hidefusa Yamauchi.

The Petroleum products industry, too, does not pass on the yen's benefits to consumers.

Crude oil prices fell 2 percent and the yen rose 8 percent against the dollar from February to March, both factors that should drive down Japan's gasoline prices in monthly calculations that account for exchange rate and oil price fluctuations.

Wholesale gasoline prices, however, dipped just 1 percent in the period.

The Petroleum Association of Japan explains that exchange and crude oil changes account for just 10 percent of the price of domestic gasoline. Taxes take up half the cost, 20 percent goes to refining and maintaining reserves and 20 percent covers the profit drain of light and heating oil, an association official says.

Airlines also do not leave customers feeling richer, despite the appreciation of their currency.

To start with, more than half their costs are already denominated in yen, preventing a currency-matching reduction in airfares for domestic departures, industry officials say.

Domestic construction and airport maintenance costs hamper their ability to cut costs, while restrictions keeping foreign airlines at bay hinder the competition that could bring prices down.

Another clear hindrance, the airlines contend, is the government's lackadaisical approach to improving the nation's "social infrastructure."

Paper Discusses Effects of Emergency Package

OW2304134995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Apr 95 Morning Edition p 2

[Editorial: "Effects of Delayed Measures Depend on Progress in Cutting Trade Surplus"]

[FBIS Translated Text] After wracking its brains over how to deal with the rising value yen's appreciation, the government and the Bank of Japan [BOJ] have acted at long last. The BOJ decided to cut the official discount rate by 0.75 percent to 1 percent. Meanwhile, the government came up with an emergency package to deal with the rapid rise of yen, including advancing the government's five-year deregulation plan by two years and compiling a supplementary budget to be financed by deficit-covering bonds.

What is important is that the government not make these measures purely temporary, but use them to promote a structural change of Japan's economy and cuts trade surplus.

The measures should have been taken two weeks ago. If the BOJ, in quick response to the German Federal Bank's cut in the official rate, had not decided to guide short-term money market rates lower but to cut the discount rate, the dollar would not have plunged to the Y [yen] 85 level. Although the government decided to shorten the five-year deregulation plan to three years this time, it should have done so at the outset.

The economy is a living thing. The government and the BOJ forgot about this and their negligence allowed confusion to grow in the world financial market. They should honestly search their souls over this. It is no wonder the financial market was cool to the measures. This is because investors had already taken into account the Japanese Government's measures, and were "not surprised" by Tokyo's announcement. The government and the BOJ should learn when to take measures and how to read the mentality of speculators.

There are, though, eye-catching points to the announced measures. Thanks to drastic cuts in the already low discount rate, the effects of financial relaxation measures will be heightened. There is the possibility that cutting long and mid-term interest rates will weaken the impact the yen's appreciation is having on Japan's economy. The BOJ's "coordinated action" with Germany in cutting interest rates—though long overdue—will serve as a factor to help the dollar keep its status as an international currency.

The advancement of the government's five-year deregulation plan by two years can be highly praised in its own way. However, the government must do what it can as soon as possible. The deregulation plan itself is no better than the bureaucrats' composition. Now is the time to start studying additional measures, such as a review of the Large-Scale Retail Stores Law.

It is only natural to issue deficit-covering bonds to obtain financial resources for the first supplementary budget. What made us consider the situation abnormal was that, in the course of the compilation of such an emergency package, time was wasted on discussions about how to fund revenue sources, including a tax increase.

It is worth noting that the package includes the BOJ's active cooperation with financial institutions to write-off their non- performing bad loans within five years. What is putting the brakes on the economic recovery is uncertainty about the financial system. Coming to grips with reform of the financial system, together with macroeconomic policy, is the key to economic recovery.

Although the increasingly deflationary tone of the Japanese economy is drawing the attention of the government, it is also important to make the best use of the rise in value of the yen. We need to keep our eyes on how proposed measures to pass the benefits of the strong yen to consumers and cut public utilities charges will be carried out.

The government's package includes the promotion of the yen as an international currency through the promotion of yen-dominated trade and cooperation with Asian currency authorities. Such a proposal is important in terms of lightening the dollar's burden as well as easing the impact of the weak dollar.

In dealing with the yen's appreciation, the government's mistake and failure in taking appropriate measures drew our attention. Both at home and abroad, there is growing distrust of the Murayama government, which is not capable of dealing with economic affairs. To sweep away such distrust, the government, with the emergency package as a start, has no choice but to change the constitution of the Japanese economy and continuously reduce the trade surplus. If not, upward pressure on the yen will continue.

Government Seen Impatient With Yen Appreciation

OW2204111795 Tokyo YOMIURI SHIMBUN in Japanese 20 Apr 95 Morning Edition p 4

[FBIS Translated Text] On 19 April, the prime minister's official residence tried to show calm in reaction to the dollar reaching a new global low of less than 80 yen on the Tokyo exchange market at one point.

Prime Minister Tomiichi Murayama said: "It is no good to make a fuss."

The reason is that the government believes all it can do for the time being is make every effort to implement the contents of its emergency yen-curbing package announced on 14 April. However, it is expressing growing impatience at the yen's appreciation. For example, there is stronger criticism of the United States for its delay in taking steps to deal with the exchange rate.

Complaints

An aide to the prime minister said: "The prime minister is very worried. He is saying: 'I do not know why things are going on like this'." Murayama frequently complains about the yen's appreciation, which is becoming more serious.

Since the emergency yen-curbing package was announced on 14 April, the prime minister has repeatedly said: "From now on, the government intends to implement economic measures." He has maintained a policy of keeping a close eye on future moves on the exchange market. On 19 April, the prime minister said: "I cannot mention the contents of a supplementary (budget) now. However, I believe that if we implement our promises faithfully, our efforts will be evaluated in their own way." It was his way of expressing irritation at the market's lack of reaction to the government yen-curbing package.

Effects of the Supplementary Budget Are Unknown

According to Chief Cabinet Secretary Kozo Igarashi, the government intends to "indicate Japan's rock-ribbed policy of correcting the yen's appreciation" by implementing the emergency yen-curbing package.

A government source, though, said the government "has included all the possible measures" in the recent yen-curbing package. On the possibility of holding a meeting of economic ministers, the source said on 19 April: "It is no use holding such a meeting each time the yen rises against the dollar by one yen." His comments reflected the source's growing distrust of the exchange market.

Although the government has indicated its determination to implement yen-curbing measures, there is a prevailing view that "the market has already taken into consideration" the fiscal 1995 supplementary budget, which is to exceed 2 trillion yen and will be compiled in mid-May. Some cabinet members called for "the enactment of drastic fiscal measures" at an 18 April informal cabinet meeting. However, since the issue of deficit-covering bonds has been already incorporated as the centerpiece of the recent yen-curbing package, the effects of the supplementary budget are unpredictable.

Arguments About U.S. Responsibility

On 19 April a top government official said angrily: "The problem lies with the United States, and speculation is to blame." Cabinet members also "argued the case for U.S. responsibility" at the 18 April informal cabinet meeting. Some said: "We should ask the United States to fulfill its responsibility as a key currency country."

This opinion is based on their disappointment that domestic measures have failed to produce the expected effects. According to a government source, some commented critically that "although the United States has maintained that Japanese-U.S. relations are the basis of its foreign policy, it has not indicated a readiness to cooperate with Japan economically."

Chief Cabinet Secretary Igarashi called for a prompt U.S. response at a 19 April news conference, saying that the "two countries should bring together their good intentions and wisdom to rectify the strong-yen and weak-dollar."

Editorial Urges Numerical Target To Cut Surplus

OW2204131595 Tokyo TOKYO SHIMBUN in Japanese 14 Apr 95 Morning Edition p 6

[Editorial: "Why Is Setting a Target So Important?"]

[FBIS Translated Text] The focal point of the government's emergency yen-stabilization package is whether or not the government will make it a policy objective to reduce the current account surplus. Setting the target is essential to formulating a drastic package, rather than an assortment of tentative steps.

The ruling parties and the government had a hard tug-of-war over the "comprehensive package to halt the strong yen" which is due to be released on 14 April. The focal point was whether or not the package would include a target for curtailing Japan's huge current account surplus. The government was negative about the ruling parties' claim that the package would be a tentative one, and would have adverse effects on the present situation unless it incorporated a surplus-cutting target.

At present, the yen's value has stopped rising, and average stock prices on the Tokyo Stock Exchange remain stable. However, that is merely because both foreign currency speculators and stock market dealers want to see what kind of yen-busting program the government will release. If the content is insufficient, torrential dollar-selling and yen-buying, as well as falls in average stock prices, will recur.

The fundamental reason for the recent yen's appreciation is Japan's immense current account surplus, which has run at about $130 billion for two consecutive years. In a bid to make speculators believe that "Japan is serious about implementing the yen-curbing program," the government needs to show its resolve to reform the present economic structure that creates such a remarkable imbalance, and to cut the huge surplus. Presenting a specific numerical target is the only way to show Japan's determination.

Originally, the United States proposed a plan to set up a numerical target to reduce the current account surplus at Japan-U.S. economic framework talks that started in July 1993. Specifically, it demanded Japan keep its current account surplus to less than 2 percent of Japan's GDP within three to five years. However, the Japanese Government persisted in refusing the U.S. request, saying: "Establishing a numerical target runs counter to the principles of a free economy, and will lead to controlled trade."

In preparing its yen-curbing program, the ruling parties, especially the Liberal Democratic Party, suggested a drastic plan to "reduce the surplus of $130 billion to $50 billion within five years." However, coordinating backing for the proposal faced a tough ride because the government offices, one after another, opposed the ruling parties' proposal, saying, "it is controlled trade," and "the proposal does not even merit discussion."

It is impossible for the government to set the current account surplus in advance, because it is the result of industrial activities. Moreover, the government should not make an official commitment on this to foreign countries.

Making an "official commitment" to the international community on a macroeconomic numerical target is nothing less than a self-negation of a free economy. However, there is no problem with Japan considering a numerical target to be a "state criterion" for economic management. European countries and the United States have begun to think that "Japan does not want to curtail its surplus." In the circumstances, the Japanese Government should, and is being strongly asked, to show its resolution to cut the surplus by setting a clear-cut target with a time limit.

If the Japanese Government seriously wants to restrict its surplus, it needs to establish a concrete goal, while presenting phased and clear-cut measures to achieve it.

Economic structural reform is essential to reducing the surplus. First, the government should indicate its intention to implement a drastic program to open up the market, while promoting deregulation which is closely connected with market opening. In addition to implementing the government's five-year deregulation program, which was mutilated by bureaucrats and zoku Diet members, the government ought to review the question of cutting the surplus reduction from the starting point.

Secondly, the economy should be revitalized by promoting administrative reform. Specifically, the basic public investment program (FY95 to FY2004) totaling 630 trillion yen ought to be reviewed from the consumers' viewpoint so as to frontload it.

While making the plausible assertion that "setting up a target leads to a controlled economy," bureaucrats actually fear that the existing systems and interests would be ruined. They therefore like "ambiguous Japan."

The Murayama administration should not believe people will remain silent forever over its failure to implement certain measures.

BOJ Views World Economic Trends

OW2404114595 Tokyo KYODO in English 1109 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—The U.S. economic expansion has been slowing down, with the slowdon evident especially in the housing sector, the Bank of Japan (BOJ) said in its monthly report on the world economy issued Monday [24 April].

Due partly to a decline in auto sales, retail sales have been hitting a ceiling, the report said. Retail sales in the first quarter of this year remained unchanged from the preceding quarter when a 2.4 percent rise was registered.

Moreover, the report said that housing starts posted the third consecutive month of decline because of an increase in mortgage rates. Private housing starts stood at 1.21 million in March, down from 1.31 million in February.

While production of industrial facilities remains firm, that of consumer goods, including automobiles and housing-related durable goods, dropped. As a result, mining and industrial production in March posted the first month-on-month fall in five months.

In Europe, the German and French economies are expanding, led by exports and investment in plants and equipment. In Britain, the economy is still booming in spite of falls in housing investment and a slower rise in personal consumption.

In an effort to cope with a decline in money supply, the Bundesbank, the German central bank, reduced the official discount rate from 4.5 percent to 4.0 percent late March. In the currency market, the Spanish peseta rebounded slightly against the mark, but the pound sterling and the Italian lira kept falling against the mark.

Asian newly industrializing economies (NIEs) and member countries of the Association of Southeast Asian Nations (ASEAN) are enjoying high levels of economic growth because of brisk exports and direct investment inflows in the countries, the report said.

The Asian NIEs are South Korea, Taiwan, Hong Kong and Singapore. ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, but Brunei was excluded from the report.

In China, the real economic growth rate remains at a high level. The gross domestic product (GDP) in the January-March quarter grew 11.2 percent from a year earlier, compared with 11.8 percent in the full year of 1994.

Though personal consumption has been hitting a ceiling, exports are rapidly expanding and construction investment is rising sharply. Consumer prices in the first quarter rose 22.6 percent from a year earlier because of foreign capital inflows and a rise in the government's purchase prices of farm products.

Currency Issues Expected To Lead G-7 Agenda

OW2204003095 Tokyo KYODO in English 0006 GMT 22 Apr 95

[By Keiko Tatsuta]

[FBIS Transcribed Text] Tokyo, April 22 KYODO—Top financial officials from the Group of Seven (G-7) industrialized nations are scheduled to meet Tuesday [25 April] in Washington to discuss ways of dealing with recent sharp currency fluctuations to sustain economic recovery and stabilize prices, Japanese Government sources said.

Kicking off a series of international financial gatherings of the International Monetary Fund (IMF) and the World Bank through Thursday in the U.S. capital, G-7 finance ministers and central bankers will also discuss a mechanism for international surveillance of emerging economies as well as an overview of the global economy, the sources said.

The closed-door meeting precedes a G-7 summit slated for mid-June in Halifax, Canada, where G-7 leaders are expected to review roles and capabilities of the IMF and other international financial institutions to meet changing needs over the past 50 years since the 1944 Bretton Woods conference, they said.

The G-7 nations—Britain, Canada, France, Germany, Italy, Japan and the United States—are likely to have trouble in agreeing on specific measures to halt the dollar's recent dives against the yen and the German mark, while consenting to reaffirm close coordination in exchange markets.

Market watchers are paying attention to whether the G-7 will use wording about "the dollar's drop" in its statement or chairman's summary to describe the recent currency situation.

The term "yen's appreciation" would be more acceptable to the U.S., the watchers said.

An international financial source said Japan will seek to send a "clear message" from the G-7 meeting to currency markets with a view to reversing the strong yen.

The G-7 officials will also examine the Russian economy, with Moscow officials, if available, explaining the nation's economic reform programs for 1995, the government sources said.

U.S. Treasury Secretary Robert Rubin previously said he plans to invite Russian officials to the Washington meeting, which he will chair.

The G-7 meeting will be followed by the so-called "Group of 10" meeting of finance ministers and central bankers from 11 major countries and a meeting of the policy-making IMF interim committee on Wednesday.

The G-10 groups the G-7 nations plus Belgium, the Netherlands, Sweden and Switzerland.

The G-10 meeting will discuss prospects for world savings and investment, and the implications for interest rates and economic policy, the sources said.

Among issues on the agenda of the interim committee will be the world economic outlook and roles of the IMF such as surveillance and financing facilities, they said.

Participants are expected to examine changes in global economic prospects in the wake of the Mexican peso crisis last December and recent fluctuations in foreign exchange markets, they said.

The committee will also discuss economies in transition to a market economy, such as in Russia and Ukraine, they said.

On April 11, the IMF approved a 6.8 billion dollar standby loan for Russia to support the country's 1995 economic stabilization and reform program.

Stepping up IMF surveillance of developing countries will also be on the agenda in terms of a better early warning system to prevent financial crisis such as the one in Mexico and countermeasures assuming such an emergency takes place, the government sources said.

IMF managing director Michel Camdessus reportedly advocates a special fund to provide money on short notice to economies threatened with speculative capital outflows.

The issue of additional allocations of Special Drawing Rights (SDRs) to former communist bloc nations and developing countries will not be a major topic at the spring meeting, the sources said.

After failing to reach agreement at the previous autumn meeting, committee members left the thorny issue to the chairman, who was requested to convene a committee meeting when he judges that prospects for resolution are favorable.

The sources, however, said since it will be difficult to settle the issue partly because of philosophy and background, prompt headway is unlikely at the 44th meeting in Washington.

Since 1982, the IMF has not agreed on new SDR allocations, for which an 85 percent majority vote of the 179 member nations is required.

On Thursday, the IMF and the World Bank will hold a twice-yearly session of their joint development committee, the 50th of its kind, to discuss the financing of infrastructure in developing countries, among other issues, the sources said.

Difficulty Resuming Talks With DPRK Foreseen

OW2204123395 Tokyo MAINICHI SHIMBUN in Japanese 15 Apr 95 Morning Edition p 3

[FBIS Translated Text] In an effort to resume the stalled normalization talks, the governments of Japan and North Korea began making contacts with Japan last week. But they have yet to agree on when to make the next contacts after the U.S.-North Korea expert-level talks on the supply of light-water reactors to Pyongyang have been locked in a tense and heated exchange on which country will supply light-water reactors to Pyongyang. In response to a four- party agreement that was signed by the Liberal Democratic Party, the Social Democratic Party of Japan, and the Harbinger Party of Japan and the Workers' Party of Korea in North Korea when the three-ruling-party mission, led by former Deputy Prime Minister and Foreign Minister Michio Watanabe, recently visited Pyongyang, the Ministry of Foreign Affairs [MOFA] planned to resume the stalled normalization talks with North Korea in early May. But a growing number of MOFA officials are voicing doubts about resuming the stalled normalization talks at an early date.

Tokyo and Pyongyang made their first intergovernmental contacts in Beijing early last week and staff from their respective embassies in the Chinese capital were engaged in the first contacts. During the contacts, diplomats from the Japanese Embassy notified North Korean diplomats of the Japanese Government's willingness to resume the stalled normalization talks with North Korea. The North Korean diplomats posted in the North Korean Embassy in Beijing responded to the notice by saying they would report it to their home government. Before the event, the first contacts were called preliminary contacts, but they ended up as a simple meeting (says a senior MOFA official). Pyongyang is said to have been more enthusiastic about resuming the stalled normalization talks than Tokyo. But Pyongyang is giving the impression that it is not in a hurry to resume the talks.

Meanwhile, the U.S.-North Korea expert-level talks, which opened in Berlin on 12 April, will be resumed on 18 April after they recess on 13 April. As expected, the United States insisted that North Korea accept South Korean-built light-water reactors, whereas North Korea refused to accept them. North Korea has taken a hardline stance that if a contract for the supply of light-water reactors to North Korea is not concluded by 21 April, a deadline for concluding the contract, it will reload fuel rods into the experimental reactors at Yongbyon.

A MOFA source says, "If North Korea reloads the fuel rods into the experimental reactors, the United States will conclude that the U.S.-North Korea nuclear agreement has broken down." The breakdown of the nuclear agreement will undoubtedly refuel past arguments for sanctions against North Korea. With North Korea mentioning the possibility of reloading the fuel rods into the experimental reactors, the U.S.-North Korea expert-level talks are locked in a more tense and heated exchange than anticipated.

The official position taken by MOFA is that the issue of supplying light-water reactors to North Korea is one thing and the issue of resuming the stalled normalization talks is another. Nonetheless, Japan is unable to resume the stalled normalization talks with North Korea at a time when sanctions against North Korea are being mentioned. At a 13 April news conference, former Foreign Minister Michio Watanabe predicted that Tokyo and Pyongyang would resume their stalled normalization talks next month. Many take the view that the former foreign minister did not make that statement without the knowledge of the tense situation involving the U.S.-North Korea expert-level talks. MOFA appears to be looking for ways to deal with a situation which could occur if the U.S.-North Korea nuclear agreement is discontinued.

For the time being, MOFA plans to urge North Korea to comply faithfully with the U.S.-North Korea nuclear agreement by showing North Korea that the triad cooperation of Japan, the United States, and South Korea is firm. Deputy Prime Minister and Foreign Minister

Yohei Kono and U.S. Secretary of State Christopher will reaffirm the triad cooperation at a meeting to be held in New York on 18 April. The governments of Japan and North Korea will have a second round of contacts only after prospects are open for resolving the issue of supplying the light-water reactors to North Korea.

Murayama Eyes 'Frank Talks' With PRC Leaders

OW2404053295 Tokyo KYODO in English 0358 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—Prime Minister Tomiichi Murayama told a visitor from China on Monday [24 April] he hopes to hold frank talks with Chinese leaders when he visits China on May 2-6 to establish cooperative bilateral relations toward the start of the 21st century.

Murayama made the remark in a meeting with Qi Huaiyuan, president of the Chinese People's Association for Friendship with Foreign Countries, a Foreign Ministry official said.

Murayama was quoted as saying he wants to discuss frankly various problems with the leaders in Beijing because this year marks the 50th anniversary of the end of World War II and also because Japan and China could cooperate and play a major role in the Asia-Pacific region and on the international scene.

Qi, who once served as vice foreign minister, told Murayama he hopes the upcoming trip to China will be successful and that relations between Tokyo and Beijing will be promoted to a new stage, the official said.

Later in the day, Foreign Minister Yohei Kono met with Qi briefly and expressed hope that Murayama's China trip will help deepen mutual understanding between the two countries, he said.

Murayama To Urge PRC To Influence DPRK

OW2304090795 Tokyo KYODO in English 0824 GMT 23 Apr 95

[FBIS Transcribed Text] Tokyo, April 23 KYODO—Prime Minister Tomiichi Murayama will urge Chinese leaders during his upcoming visit to China to persuade North Korea to resume nuclear talks with the United States, government sources said Sunday [23 April].

He will also reiterate Japan's demand that China suspend nuclear tests, while confirming Tokyo's resolve to expand bilateral ties in all fields on the occasion of the 50th anniversary of the end of World War II, the sources said.

Expert-level talks between North Korea and the U.S. in Berlin ruptured Thursday as negotiators remained at odds over the type of light-water reactors to be supplied to North Korea under a framework nuclear agreement reached by the two countries last October.

North Korea has refused to accept South Korean reactors as replacements for Pyongyang's current nuclear program, which Washington suspects is being used to secretly develop nuclear arms.

In an effort to break the stalemate, the U.S. has proposed that senior diplomats discuss the contentious reactor issue at a new round of talks in Geneva.

Pyongyang, which had threatened to break its freeze and refuel an existing 5-megawatt experimental reactor in Yongbyon if a contract for receiving the two supplementary reactors was not completed by April 21, has not yet decided on its response to Washington's latest overture.

Murayama will urge Chinese President Jiang Zemin and Premier Li Peng, with whom he is slated to meet separately May 3, to use their influence with longtime ally North Korea to promote continued negotiations, the sources said.

If North Korea makes good its threat to lift the nuclear freeze, debate about imposition of economic sanctions by the United Nations Security Council could be revived, heightening tension on the Korean peninsula.

Murayama will argue that such a situation must be avoided and call on Beijing to assume a more active role in promoting the negotiations, the sources said.

China is supporting the denuclearization of the Korean peninsula but has said it will not join the Korean Peninsula Energy Development Organization, an international consortium that is to provide the two light-water reactors in North Korea.

Murayama will also call on China to support international efforts to conclude a comprehensive test ban treaty by joining a nuclear test moratorium, the sources said.

While the other four nuclear powers—Britain, France, Russia and the U.S.—have suspended nuclear testing, China conducted two nuclear tests last year despite international protests.

Economic Decline Undermines Financial Assets

OW2304131795 Tokyo EKONOMISUTO in Japanese 11 Apr 95 pp 52-55

[Article by Hirohiko Okumura, research director of Nomura Research Institute, Ltd.: "The Low Economic Growth is Undermining Japan's Financial Assets"]

[FBIS Translated Text] **A Deficit of 40 Trillion in Three Years**

Japan's economic growth rate has been sluggish for the past three or four years. During this period the economic arrangements which support our well-being, such as the pension, fiscal, and financial systems, have been operating on the premise that there will be a higher rate of growth in the Japanese economy. The reason that the public has had no sense of anxiety during the current long recession is greatly due to the existence of this gap.

When the "government economic forecast," which is compiled by the government at the end of the year, calculated economic growth according to this economic system, it was found that there was a gap of some 40 trillion yen in terms of gross domestic product between the government economic forecast and actual economic growth for the three-year period since 1992. Contributing to economic growth are wages, corporate profits, interest on deposits and other savings, and dividends. The gap of 40 trillion yen, in short, means that the collective amount of wages, corporate profits, interest, and dividends was 40 trillion yen less than the estimated amount. The sluggish economy is exerting a serious influence on our household financial assets openly as well as covertly.

According to the "Savings Trend Survey Report for 1994" released in March by the Management and Coordination Agency, the average savings balance of workers decreased by 0.1 percent over the previous year. The decrease of savings balances over the previous years was the first such time this had happened since 1963, when the current survey system was adopted. This is an unusual occurrence.

Since 1992, the Japanese economy has been forced to experience a zero to one percent growth. Even if one percent growth was reached, there was actually an annual rate of increase in the labor force during this period of about one percent, so there has been almost no growth per capita. Zero, or even negative, growth is naturally exerting a great influence on the rate of increase in the financial assets of individuals.

When individuals have stocks or investment trusts, the decline of stock prices directly exerts a great influence on the individuals' financial assets. The decline of rates of interest on deposits as well as yields on the operations of securities appears in the form of a decrease in interest rates.

Let us examine the decline of the prices of assets in terms of stock prices. The total amount of stocks in Japan at the end of 1993 was valued at 408 trillion yen. If the price of stocks at the end of March this year was assumed to be 16,000 yen by the Nikkei Stock Average and 1,250 by the Tokyo Stock Price Index, the price of stocks shows a decline of 10 percent compared with that of the end of 1993, the total amounting to 360 trillion yen. This shows a decrease of 60 percent against 890 trillion yen at the end of 1989, when Japan was in the midst of the bubble economy. What is more important is the relation between corporate profits, which are the source of stock prices, and net fixed capital formation balances, which are the source of corporate profits.

When an index is created by dividing the total amount of Japan's stocks by Japan's net fixed capital formation balances, it shows a decline from 100 percent at the end of 1989 to 31 percent at the end of this year. Stock prices show a substantial decrease of some 30 percent of those at the end of 1989. This level is nearly equivalent to that of stock prices at the end of 1984, which is before the bubble period. Thus, individual financial asset balances are directly or indirectly influenced by stock prices.

Concerning the decrease in interest income, individual interest income as reflected in the national income statistics decreased to 26 trillion yen in 1994 against 36 trillion yen in 1991. Such a decrease in property income is one of the factors preventing an increase in the amount of financial assets.

Insurance and Pensions Are on the Increase

It should be noted here that a structural change is taking place in the structure of Japan's financial assets.

First of all, in private financial institutions, the amount of deposits has shown a marked decline, and the amount of insurance is on the increase. The amount of both public and private pensions shows a marked increase. The amount of postal savings shows some increase.

Deposits in private financial institutions accounted for 44 percent of individuals' financial asset balances at the end of 1975, having by far the greatest amount in financial assets. However, the deposits sharply decreased to 33 percent at the end of 1985, and to 31 percent at the end of 1993. In the meantime, the amount of insurance increased to 21 percent from 11.5 percent; the amount of public pensions increased to 12 percent from 11 percent; and if public pensions and private enterprises' pensions in the private sector are combined, the amount increased to 16 percent from 12 percent.

Such a change in the composition of financial assets, or a change in the flow of funds, is more pronounced in the United States. Deposits decreased from 37 percent at the end of 1975 to 19 percent at the end of March 1994; pensions increased to 32 percent from 18 percent. Marketable financial assets, such as open market paper and investment trusts, have increased to 9 percent from 2 percent.

Two reasons can be mentioned for a structural change in the flow of funds observable in Japan and the United States. One is that due to technological innovation in financing, it has become possible for nonbank financial institutions and others to assume the advantageous positions which have been monopolized by banks. The other is that with the aging of society, individuals have come to prefer contract-type forms of savings. The structural transition in Japan's financial assets has been caused more by these two structural changes than by the collapse of the bubble economy.

Crises Have Begun To Be Observable

With such a change in the flow of funds in mind, let us consider the effect of the sluggish economy mentioned above on individuals' financial assets. The most noteworthy thing is that the economic growth rate is so much below the standard necessary to maintain the present system that contract-type savings, such as pensions, insurance, or fixed-amount postal savings, have been adversely affected.

Pensions are a case in point. The reserve balance of public and private pensions is 200 trillion yen at present, and the rate of return on the investment of pensions estimated by the National Pension Council of the Ministry of Health and Welfare is still 5.5 percent per annum. However, there are hardly any financial assets that can be operated on 5.5 percent, and the operation records of trust banks, which are actually operating pension funds entrusted by enterprises, show that the average operational rate of return from 1989 to 1993 remains about 2.5 percent at the market rate.

If the actual rate of return on investment is 2.5 percent against 5.5 percent which is the estimated rate of return on investment, there is a gap of some three percent. Against 200 trillion yen of pension reserve balances, there will be a deficit of as much as 6 trillion yen annually in the pension reserves. If such a situation continues for years, the current pension system will fail. People will not be able to receive their expected pensions even at the age of 65, or else the pension burdens of younger persons will have to be increased.

Of course, a great number of public pensions are now being operated under the fiscal investment program, and these pensions are financed through government-operated financial institutions. Therefore their rate of return is higher than those on the operation of private enterprises' pensions by trust banks. However, if the current slow rate of economic growth continues for a long period of time, it will become difficult to provide, through the fiscal investment program, loan rates much higher than those at market rates, and the same problem as the private enterprises' pensions will arise.

As for insurance, private life insurance companies are now moving toward lowering dividend yields. This is due to the decline of yields on the operation of securities by insurance companies, or to the decline of loan rates of financing conducted by insurance companies for private enterprises.

Since the influence on contract-type savings has progressed in an concealed manner, the majority of the nation has not worried about the household economy even in the midst of slow growth and has led "an idle life."

However, such a contradiction does not last long. In 1995, the the fear of the failure of the pension and insurance systems has been intensified. Besides, the weakening of the financial system and the dangerous level of hidden debts in the fiscal system have made the "system crisis" visible to the nation.

Poor Policy

Has the Japanese economy lost its ability to grow, or has the government policy applied the brake on the growth of the Japanese economy, although it has the ability to grow? First of all, labor force will continue to grow for the next five years until 1999. As to financial power, Japan is of course the largest creditor nation in the world, and in terms of the current exchange rates, it is the largest financial power in the world. The Japan-U.S. comparison in the personal sector is as follows: 1,200 trillion yen of financial asset balances, 300 trillion yen of financial debt balances, and 900 trillion yen of nets for Japan; in the case of the United States, they are $15.6 trillion, $6 trillion, and $9.6 trillion respectively. Japan has more nets than the United States when one dollar is calculated to be equal to 90 yen (at the end of 1993 for Japan and at the end of March 1994 for the United States). Machines and buildings are not utilized sufficiently, as is evident from the current low level of operations.

Viewed in this way, it can be judged that although the Japanese economy has the capacity for growth, the policy to utilize this capacity has not been developed. It is an undesirable policy to look on with folded arms in view of the collapse of the pension, fiscal, and financial systems, taking the slow growth of the economy for granted. It is desirable to prepare ourselves for the aging of society in the 21st century by observing the system which supports our present life through raising the economic growth rate.

If the authorities concerned judge that the raising of the economic growth rate is impossible or undesirable, it is their duty to warn the nation that a big pension will not offered at the age of 65 as scheduled now, that the tax rates will be raised, or that the time will come when it will become impossible to observe the current financial system.

Properly speaking, Japan, as the largest creditor nation in the world, should think how to utilize financial assets. On the contrary, the authorities have principally focused their attention on the debt side of finances and have been developing an erroneous policy that to have a debt is absolutely wrong. On the other hand, the United States, as the largest debtor nation in the world, should take the policy on reducing its liabilities, such as raising tax rates or curbing the growth rate through raising interest rates. Actually, however, the United States has been pursuing a inappropriate policy, giving undue attention to its financial assets.

The Worse Case, Substantial Devaluation of the Yen, Is Possible

Then, how can Japan hold a policy that will keep financial assets in sound condition and cause assets to grow? First, the government should immediately give body and substance to the 10-year mid-term public investment program amounting to 360 trillion yen which will start in 1995 and should positively address surmountable problems.

For example, Japan's countermeasures against earthquakes are not adequate. Japan should take countermeasures against disasters before anything else. Even though a fund of 700-800 billion yen is needed for the construction of Chubu International Airport, it should be tackled immediately. The construction of a city on a historical scale will be what the inhabitants want.

The second countermeasure is: As mentioned in the beginning, the flow of individuals' money into financial markets has been structurally shifted from deposits in private banks to contract-type savings like insurance, pensions, and postal savings; therefore, the system must be changed to make good use of funds from insurance, pensions, or postal savings in promoting social overhead capital investments of 630 trillion yen. The reason that Japan cannot boost its economy is not that it has no money but because it cannot adopt a necessary policy, since the authorities are still following the traditional policy under the old flow of funds, although the actual flow of funds is quite different now.

Third, even though the government is trying to expand Japan's economy through fiscal policy, that effort will become ineffective if the raising of interest rates dampens the effort. It is important to continue an easy-money policy which does not raise real interest rates until the economic growth rate gets is fixed at a three-percent level.

If such a policy is not developed and if Japan's economic growth rate continues to remain at a one- or two-percent level until after the year 2000 when Japan greets the aging of its society, the Japanese economy will be forced to have an excessively high yen and to shift its production overseas. The aging society after the year 2000 will see a sudden, sharp devaluation of the yen and will pursue the "worst course."

When property values unduly rose in 1987-1990 at the time of the bubble economy, private financial institutions increased their amount of loans by 220 trillion yen, some of which became bad debts because of the collapse of the bubble economy. It will be necessary to grasp the problem of the current financial system in the future tense form: If a slow economic growth continues for a long time, the value of property will drop further and the number of recessionary bankruptcies will further increase. However, if we consider the problem of the current financial system in the past tense form that the collapse of the bubble economy bred bad debts, we will always be engaged in developing schemes whose purpose seems only to save failed financial institutions, and we will face the danger of forgetting to formulate a fundamentally sound policy.

If we continue to build emergency hospitals without eradicating the causes of diseases, the number of patients will grow incessantly. We are in need of a policy that will establish a system by which we can raise the economic growth rate without breeding patents.

EPA Says Firms Increasing Capital Investment

OW2404102195 Tokyo KYODO in English 1007 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—Japanese corporate capital investment is picking up, with the year-on-year increase in the July-September period likely to hit a seasonally adjusted 7.0 percent over the previous quarter, the Economic Planning Agency [EPSA] said Monday [24 April].

Such investment in the January-March period apparently increased at around 1.1 percent over the preceding three months, but investment in the April-June quarter will remain flat, the agency said.

The upswings follow drops in the three consecutive quarters since April of last year due to the protracted slump after the collapse of the "bubble" economy.

The agency predicted the growth in Japan's corporate capital investment—one of the two key engines for the nation's economy along with personal consumption—based on its quarterly survey on capital spending plans as of March 1.

It polled a total of 4,537 companies with a capital of 100 million yen or more, of which 94 percent replied.

The agency said capital spending by manufacturers can be expected to show a particularly strong recovery in the forthcoming months.

The projected growth in the January-March quarter is 4.0 percent, 3.9 percent in the April-March period, and 8.7 percent in July- September, it said.

Paper/pulp, chemical and petroleum/coal in the basic material industries, and metal, general machinery, electrica machinery and automobiles in the processing industries will show increases, it added.

Of the five categories, the sentiment on price trends alone improved, from 39.8 to 40.3, the EPA said.

The overall index of 44.1 can still be said to be a relatively high level, the EPA official said.

"Further monitoring is needed to judge that the upswing in Japan's consumer confidence has come to a standstill," he said.

The EPA said the percentage of households which bought 28 major durable goods during the first quarter stood at a seasonally adjusted 52.8 percent, up 1.7 points from 51.1 percent in the October-December period.

The upswing was traced to higher demand for air conditioners, audiovisual equipment and furniture, the agency said.

The durable-buying ratio will further rise to 54.4 percent for the current April-June quarter, aided by larger demand for household utensils and audiovisual equipment, it added.

For fiscal 1994 to March 31, household purchase ratios increased on 29 items out of 40 items polled.

Of the 29 items, the sharpest increase was 5.7 percentage points, from 10.5 percent to 16.2 percent, in the purchase ratio recorded by air conditioners.

That was followed by a 2.7 point growth from 10.1 percent to 12.8 percent for refrigerators, a 1.9 point gain from 7.3 percent to 9.2 percent for electric carpets, and a 1.6 point rise from 1.5 percent to 3.1 percent for facsimile machines, the EPA said.

Personal spending on services for the January-March quarter improved in all areas except spending on amusement parks and household services, the agency said.

"The improving trend on services spending basically remains unchanged," the official said.

The latest survey covered 5,040 households, of which 98.5 percent gave valid answers.

Delays Reported in ODA-Funded Projects

OW2404093995 Tokyo KYODO in English 0846 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—About 7.7 billion yen worth of overseas projects funded by Japan's official development assistance (ODA) were troubled by serious delays in 1993 and 1994 because of a shortage of personnel and equipment, a government report said Monday [24 April].

The report, compiled by the Management and Coordination Agency, covered projects funded by Japanese grant-in-aid funds and technical aid.

Under Japanese policy, recipient countries are required to pay for the administration and management of ODA-funded projects.

But the agency will recommend in a report to the Foreign Ministry on Tuesday that Japan continue financial aid to recipient countries for three to five years in case they have serious trouble implementing ODA-funded projects, officials said.

The third government report on ODA, following ones in 1974 and 1988, covered ODA-funded projects promoted by 18 ministries and agencies, as well as the government-backed Japan International Cooperation Agency (JICA).

The report said, for example, an ODA-funded project to build a national forest research institute in Papua New Guinea has been delayed because of a staff shortage in connection with a government program to cut back on personnel.

Japan offered ODA of 2 billion yen for that project in fiscal 1987.

In addition, it said, an ODA-funded program in Honduras to control malaria and dengue has been stalled by difficulty in obtaining parts for microscopes.

Japan extended ODA totaling 1.93 billion yen for the project between fiscal 1982 and 1987.

Overall, six projects in six countries, funded by a total of 7.7 billion yen worth of ODA, have been delayed, the report said.

LDP-MOF Clash Expected Over Extra Budget

OW2204144095 Tokyo MAINICHI SHIMBUN in Japanese 16 Apr 95 Morning Edition p 2

[Article by political reporter Heisei Kodama: "The Liberal Democratic Party Versus the Finance Ministry"]

[FBIS Translated Text] The relationship between politicians and bureaucrats is changing. The main change is seen in relations between the Ministry of Finance [MOF], which has dominated other government offices, and the Liberal Democratic Party [LDP]. During the period of the LDP's one-party rule, the two sides maintained close relations.

The government's emergency pump-priming package to combat the appreciation of the yen was announced on 14 April. In the process of compiling it, LDP Policy Research Council Chairman Koichi Kato and other ruling coalition members persuaded the MOF into accepting their proposal to issue deficit-covering bonds to fund a supplementary budget, to review public works projects to allocate more funds to research and development programs, and to spend more on projects in new fields, such as creating an advanced information and communications society.

The issue of reforming special public corporations was recently settled after the MOF agreed to the merger of the Export-Import Bank of Japan [EIBJ] and the Overseas Cooperation Fund [OCF]. It can be said that the arguments over the reform of public corporations was the first round of a dispute between the LDP and the MOF. The second round of their feud will be seen in the compilation of a supplementary budget. The contents of the government's package of emergency economic measures were no more than "predicted," and therefore, they were virtually ignored by money market players.

However, if the package can be considered the result of politicians' efforts to prepare for an expected second round of dispute with the MOF over the compilation of a supplementary budget, the pump-priming package can be seen in a different light.

Bureaucrats in charge of accounting appear to think that government finances tend to expand under politics of mass democracy, therefore an elite needs to control finances to maintain financial order. However, a financial authority with strong power does not necessarily ensure sound finances. This is apparent from the fact that Japan's fiscal deficit has been swelling.

In 1965, deficit-covering bonds were issued for the first time in the post-war era to deal with the recession after Tokyo Olympic games. However, for fear of possibly swelling government spending, the MOF later adopted a policy to limit, as much as possible, the issue of public bonds to construction bonds only.

The result was that because of political pressure to increase spending and the need to maintain the principle of avoiding the issue of deficit-covering bonds, the MOF altered the definition of spending to be covered by public bonds and began to use construction bonds to fund building and repairs, and the maintenance of welfare facilities. Although the ministry could afford the spending covered by public bonds, it was unable to meet other requests for funding, which caused a stiffening of finances.

The MOF has established a system, under which banks undertake low interest government bonds and the Bank of Japan [BOJ] retires matured bonds: Article Five of the Finance Law prohibits the BOJ undertaking bonds and stipulates that market checks are a precondition for the issue of national bonds. Under this system, the MOF can issue a large quantity of national bonds without violating these legal restrictions.

It can be said that by stretching the interpretation of public works in its favor, and by establishing a system that enables the issue of a large quantity of national bonds through the use of its strong leverage on financial institutions, the MOF, against its will, has created systematic conditions under which the budget allocation stiffens and government spending swells.

In compiling the emergency economic package, the LDP's Kato and other ruling coalition members endeavored to persuade the MOF to issue deficit-covering bonds. The MOF rejected their demand. However, in view of the objectives of the Finance Law, the ministry should choose to issue deficit-covering bonds rather than hiding the actual financial situation under the aforementioned system. It is also imperative that the ministry review public works to change the inflexible budget allocation.

Some people have said that a deep-seated grudge the LDP had against the ministry during its days in opposition lies behind the feud with the MOF. Nevertheless, the fact that the MOF agreed on the merger of the EIBJ and the OCF indicates that the ministry is not sacrosanct.

While the second round of their dispute over the supplementary budget may only result in an increase in the nation's fiscal deficit, it might help the MOF get out of the trap it set itself.

Ruling Parties To Push for Budget Enactment

OW2404093895 Tokyo KYODO in English 0832 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—The three ruling coalition parties agreed Monday [24 April] to push a fiscal 1995 supplementary budget through the Diet by May 19, party officials said.

The officials said the agreement was reached at a meeting attended by chairmen of Diet affairs committees of the three parties—the Liberal Democratic Party, the Social Democratic Party [of Japan] and New Party Sakigake [Harbinger].

The government of Prime Minister Tomiichi Murayama plans to send an extra budget to the Diet on May 15 covering outlays for measures to combat the yen's appreciation and earthquake reconstruction, Chief Cabinet Secretary Kozo Igarashi said Monday.

The three ruling parties agreed to work on the extra budget as quickly as possible in view of the urgency of the outlays, the officials said.

Churyo Morii, chairman of the SDPJ's Diet Affairs Committee, told reporters the ruling parties will ask opposition groups for cooperation in passing the budget at an early stage.

Article Views NFP Attempts To Gain Power

OW2404091395 Tokyo MAINICHI SHIMBUN in Japanese 23 Apr 95 Morning Edition p 2

[FBIS Translated Text] Taking advantage of the yen's sharp rise, Shinshinto, or the New Frontier Party [NFP], is adopting an increasingly antagonistic attitude toward the Murayama administration. The party has compiled its own draft supplementary budget, including a package of 10 trillion-yen in emergency measures to curb the yen's rise. It also attacked Prime Minister Tomiichi Murayama at a Diet session, saying: "The most important countermeasure for the yen's appreciation is the Murayama administration's resignation en bloc." The party further plans to set forth its economic vision, including concrete plans for structural economic change, and financial policies centering on measures to deal with bad debts.

A study group, headed by former Prime Minister Morihiro Hosokawa and Political Committee Chairman Yuichi Ichikawa, is currently compiling the economic vision. A party executive stated: "The outcome of the political competition depends on who has a better understanding of the current crisis Japan faces and who can come up with responses more quickly." In line with this point of view, the party plans to set forth concrete measures on deregulation, administrative reforms, and decentralization of power to local governments as the party's political commitment in the upcoming House of Councillors election.

Underlying the NFP's decision to place economic policy as the major strategy to win back political power, is the perception that: "The Murayama administration has been incompetent in dealing with the yen's appreciation and has thus exposed its weakness." Unlike the security issues, where an indepth policy debate might give rise to differing opinions, "criticizing the Murayama administration's incompetence in economic policies can gain public support" (as stated by a party executive).

However, questions have been raised within the party on the idea of "issuing deficit-covering and construction bonds as revenue sources for emergency economic measures amounting to 10 trillion yen." Moreover, as the discussion on the economic vision goes into more concrete details, differing views may emerge because the NFP is an "alliance of convenience." Hence, the party is likely to face rough going in the final phase of hammering out a bold vision.

Murayama Cabinet's 'Benign Neglect' Viewed

OW2304105495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 April 95 Morning Edition p 5

[Unattributed article: "Finance Ministry Feels Little Sense of Crisis and Prime Minister Lacks Leadership"]

[FBIS Translated Text] The Murayama government is just waiting out its days, taking no measures to ease business difficulties arising from the rise in the yen against the dollar and the decline in stock prices. Ruling coalition parties and cabinet members frequently voice the need to take appropriate measures, but they are commenting only with elections in mind and have yet to put forth any concrete steps to ease the difficulties. The Ministry of Finance [MOF] and other government ministries and agencies are exhibiting no signs of a sense of crisis, and their moves are slow. The prime minister's official residence, which is charged with urging all government ministries and agencies to come up with concrete steps to address business difficulties arising from the appreciated yen and low stock prices, remains inactive as ever. With "bureaucracy bashing" by politicians upsetting the situation, the government and ruling parties are in a state of incapacity.

In the MOF, the Bank of Japan [BOJ] is a central topic because BOJ is being criticized by various quarters for not lowering the official discount rate. A MOF official asks, "How is the BOJ going to deal with the issue of lowering the official discount rate?" Politicians, who have continued to bash the MOF after some officials of the ministry were found to have received gifts from bankers and businessmen seeking favors, are now shifting their complaints toward the BOJ. It seems that the MOF is now breathing a sigh of relief.

The MOF shows little eagerness to shape policies aimed at coping with business difficulties and at dealing with the issue of holding down the official discount rate. In the process of compiling a supplementary budget for fiscal 1995, the MOF is studying ways to increase loans to small and medium-sized enterprises as part of its measures to cope with business difficulties, but it is still cautious about taking full-fledged financial measures concerning public works projects. On 5 April, the prime minister was briefed by Tomio Tsutsumi, international trade and industry administrative vice minister, on measures to deal with the ongoing appreciation of the yen. Nonetheless, government ministries and agencies show no signs of reacting to the briefing or taking concrete steps to deal with business problems arising from the sharply appreciated yen and low stock prices.

Some take the view that the morale of MOF officials has been undermined following criticism of the MOF by politicians. The MOF must study how to handle Japan's current account surplus, which is said to be a primary cause of the ongoing appreciation of the yen, and how to deal with the issue of internationalizing the yen. Some MOF officials say, "It is hard for us to move unless the government pushes its own policy." In this way, they are shifting responsibility for benign neglect onto the coalition government.

The politicians lack leadership. The prime minister has tried to study ways to come to terms with business difficulties by summoning Oba, president of the International Finance Information Center and who serves as deputy vice finance minister, and Gyoten, president of the Bank of Tokyo, to the prime minister's official residence for discussions. Prime Minister Murayama as well as former prime ministers Takeshita and Miyazawa only admitted their ignorance of monetary policy despite their efforts to learn from experts the way to handle monetary policy.

The prime minister and Finance Minister Takemura (representative of Harbinger Party) twice met for one hour, once last week and again this week, at the prime minister's official residence to discuss ways to deal with business problems. After a 3 April meeting with the prime minister, Finance Minister Takemura said, "Administrative authorities have briefed the prime minister on matters concerning the appreciated yen." The two are giving their attention to the issue of forming a new party in the Social Democratic Party of Japan [SDPJ]. They have focused their discussion on how to deal with the alliance between the Harbinger Party and the SDPJ.

At the informal cabinet discussions following formal meetings, a variety of ideas are put forth and a variety of requests are made. A cabinet member in charge of economic affairs says, "No cabinet member takes charge of putting into practice what is discussed at the meeting; cabinet members only voice their opinions at the meeting." In this way, cabinet members only speak at their meeting with no cabinet member taking responsibility for carrying out what is discussed at the meeting. The ruling parties have voiced the need to take measures to deal with the continuing appreciation of the yen, but almost all senior members of the ruling parties are on their stumping tour for the unified local elections. The meeting of leaders of the government and ruling parties was not held this week, leaving the issue of concrete measures to deal with the ongoing appreciation of the yen in the hands of bureaucrats.

Politicians are preoccupied with publicizing slogans and touting accomplishments. The bureaucracy has lost its enthusiasm to take on business difficulties arising from the appreciated yen and low stock prices. The bureaucracy even shows signs that it is going to stand in the way of what politicians intend to do.

Independents Take 12 Seats in Local Elections

OW2404021895 Tokyo KYODO in English 0138 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—The second round of unified local elections held Sunday [23 April] did not bring as many surprising results as the first round, with most independent candidates in mayoral races beaten by candidates backed by major parties.

In the nation's 45 cities where independent candidates for mayorships battled with opponents supported by parties, only 12 independents, most of them in big cities, won the elections.

But independents did well in polls for local assemblies, and candidates backed by the tripartite ruling coalition's two main parties lost heavily.

In the April 9 gubernatorial elections in Tokyo and Osaka, two independents who were one-time TV personalities beat former bureaucrats backed by both the ruling and opposition parties.

Candidates backed by the ruling parties won in all the five elections where they faced opponents supported by the opposition parties.

Among the 86 mayoral elections which took place Sunday, 17 incumbent mayors lost, including Nagasaki Mayor Hitoshi Motoshima who failed in his bid for a fifth four-year term of office.

Voting also took place to elect 318 town and village mayors, 375 municipal assemblies, and 1,064 town and village assemblies. Tokyo residents voted for new heads in 15 of the capital's 23 wards and cast ballots for 22 ward assemblies.

The turnout in each kind of election, however, was the lowest on record, according to the Home Affairs Ministry. The average turnout for the mayoral polls was 60.03 percent, down by more than 6 percentage points from the previous elections in 1991.

Strong wind and rain, as well as low voter interest, were blamed for the poor turnout.

In the elections to choose members of municipal assemblies, the ruling Liberal Democratic Party and Social Democratic Party lost many seats to make their worst showings ever in such polls, while independents made strong gains.

Including members who won without a vote, independents took more than 60 percent of the newly elected 11,051 municipal assembly seats.

The number of women winning seats increased to an all-time high of 825, breaking the previous record of 657 marked in the previous elections.

Murayama 'Fearful' of Election Losses

OW2404070095 Tokyo KYODO in English 0453 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—Prime Minister Tomiichi Murayama said Monday [5 April] he had been fearful of the losses suffered by his Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] in Sunday's municipal assembly elections.

At a meeting with a group of reporters, Murayama apologized for the electoral setback.

Most of the political parties lost seats in the local assemblies while the number of independents jumped up to occupy more than 60 percent of the total seats.

Murayama said such a tendency may continue in local elections, and that he must combat a public distrust in political parties.

Chief Cabinet Secretary Kozo Igarashi, also an SDP member, also said the tendency among voters to favor independent candidates had been seen in the past three local elections.

"In that sense the situation is not remarkable, but it gives an important assignment about how political parties should be and their relationships with citizens," he said.

Meanwhile, a group of labor unions held a meeting Monday in Tokyo to discuss the results of the recent local elections.

The gathering of labor unions to think about Japanese politics, consisting of members of the Japanese trade union confederation, in particular discussed the defeats of candidates on the tickets of major parties in the Tokyo and Osaka gubernatorial races.

Some participants at the meeting said the defeats show the end of an "organized election" in which candidates win by organized votes, including those organized by labor unions.

New Tokyo, Osaka Governors Begin Work 24 Apr

OW2404065595 Tokyo KYODO in English 0411 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—The newly elected governors of Tokyo and Osaka, two of

Japan's largest business centers, pledged Monday [5 April] to work for ordinary people and for the weak as they began their new jobs.

Tokyo Gov. Yukio Aoshima, 62, and Osaka Gov. Knock Yokoyama, 63, toured the metropolitan and prefectural government offices and assemblies to the greetings of employees and assembly members.

The two men, both former House of Councillors members and TV personalities, surprised political pundits by winning the April 9 gubernatorial elections when they easily beat former bureaucrats backed by a number of major parties.

They may not find it easy, however, to carry out their election pledges because as independents they have no supporters in the municipal assemblies and they also lack experience in administration, political analysts say.

Aoshima will be forced to make a decision soon on whether or not to scrap a world exposition slated next year on reclaimed land in Tokyo Bay. He pledged in his election campaign to cancel the Expo, a pet project of his predecessor as governor, Shunichi Suzuki.

Some companies have already started construction of pavilions for the world city exposition Tokyo '96, scheduled to run from March 24 to Oct. 13, and they indicated they would seek compensation from the metropolitan government should the Expo be canceled.

The Liberal Democratic Party, the largest group in the metropolitan assembly, says canceling the project would damage Tokyo's image and credibility internationally.

Aoshima also pledged in his election campaign to refuse to approve a proposed low-interest loan of 30 billion yen by Tokyo to a controversial bailout plan for two failed credit unions. The Finance Ministry and the Bank of Japan have voiced concern about his pledge.

Meanwhile, Yokoyama, whose real name is Isamu Yamada, will be watched to see how he handles the project to construct new runways at Kansai International Airport in Osaka Bay and preparations for an Osaka summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum in November.

Aoshima should display his originality and run the metropolitan government in a "unique" fashion, a government spokesman said Monday.

"I hope he will show his originality and unique administrative management as the new governor so as to live up to Tokyoites' expectations," Chief Cabinet Secretary Kozo Igarashi told a news conference.

Igarashi also congratulated Aoshima on his victory in the April 9 gubernatorial election with the backing of those who support no particular political party.

Referring to the new governor's indication to oppose the credit union loan and the Expo, Igarashi indirectly called for reversal of such stances, saying a governor should be responsible for his role as a top local administrator.

Effect of '96 Expo Cancelation Discussed

OW2204111595 Tokyo KYODO in English 1020 GMT 22 Apr 95

[FBIS Transcribed Text] Tokyo, April 22 KYODO—The Tokyo Metropolitan Government will have to put up some 60 billion yen if the 1996 world exposition is canceled, the same amount it is scheduled to pay if the event goes forward as scheduled, government officials said Saturday [22 April].

Concerned over Governor-elect Yukio Aoshima's public pledge of scrapping the World City Exposition Tokyo '96, the metropolitan government has made calculations to assess how much it will have to pay should the event actually be canceled, they said.

The officials said they will try to persuade Aoshima, who will assume the governorship on Sunday, to retract his election campaign promises by showing him the results of the calculations.

The Tokyo Government was assigned to cover 83 billion yen of the total expo-related costs of some 200 billion yen.

It has already spent 23.4 billion yen, leaving nearly 60 billion yen in remaining obligations, the officials said.

If the expo is canceled, the government must first refund the 2.64 million tickets or 5.6 billion yen, they said. They also said additional costs will be incurred in handling the refund operation, they added.

The expo is scheduled to run from March 24 to Oct. 13. Ticket sales started last September.

They also said the government would be certain to face compensation requests from 12 companies which decided to participate in the expo.

Some of the companies have already started construction of their pavilions for the expo at the scheduled site on an area of reclaimed land in Tokyo Bay.

And above all, what the government fears most is that the cancellation would bring serious detriment to its longstanding waterfront project, the officials said.

Under the project, the Tokyo Government calls for the creation of a brand new city with a projected population of 63,000 on a 448-hectare site of reclaimed land.

The government planned the expo there to encourage companies to join the new city project, but the expo cancellation would discourage further business participation in the project, they said.

Aoshima Avoids Answer on Future of City Expo

OW2404105895 Tokyo KYODO in English 0946 GMT 24 Apr 95

[FBIS Transcribed Text] Tokyo, April 24 KYODO—New Tokyo Gov. Yukio Aoshima on Monday [24 April] avoided giving an immediate answer regarding his campaign pledge to scrap the planned world city exposition in Tokyo next year.

Aoshima told the inaugurating press conference, "I want to settle (the issue) basically by not holding it. But I want to judge the matter after scrutinizing the potential damage from canceling it."

On an expected request by the Education Ministry to break up the Aum Shinrikyo religious cult, Aoshima said, "as it will be the first request to disband the group on the grounds of its antisocial activities, I want to deal with (the issue) fairly by fully consulting the authorities and the ministries concerned."

Welcomed by officers of the Tokyo metropolitan government and assembly members, Aoshima, 62, made his debut by stressing his determination to reform metropolitan government politics.

"I want make it open and transparent," Aoshima told some 200 journalists.

He also declared, "as I enter this sort of large (metropolitan government) building, I tend to be separated from each individual, but I want to maintain anger and hope as one citizen during the (four-year) term."

In the western central city of Osaka, New Osaka Gov. Knock Yokoyama, 63, also pledged to work for ordinary people and for the weak as he began his new job.

Addressing some 300 senior Osaka prefectural government officials, Yokoyama said, "let's create a vigorous Osaka prefectural government with a new spirit."

The two men, both former House of Councillors members and TV personalities, won the April 9 gubernatorial elections by beating former bureaucrats backed by a number of major parties.

They may not find it easy, however, to carry out their election pledges because as independents they have limited support in the municipal assemblies and they also lack experience in administration, political analysts said.

Aoshima will be forced to make a decision soon on whether or not to scrap a world exposition slated for next year on reclaimed land in Tokyo bay. He pledged in his election campaign to cancel the expo, a pet project of his predecessor, Shunichi Suzuki.

Some companies have already started construction of pavilions for the World City Exposition Tokyo '96, scheduled to run from March 24 to Oct. 13, and they indicated they would seek compensation from the metropolitan government should the expo be canceled.

The Liberal Democratic Party, the largest group in the metropolitan assembly, says canceling the project would damage Tokyo's image and credibility internationally.

Aoshima also pledged in his election campaign to refuse to approve a proposed low-interest loan of 30 billion yen by Tokyo to a controversial bailout plan for two failed credit unions.

On the subject, Aoshima chose his words carefully in telling the press conference, "I want to decide the issue after talking discreetly with concerned departments in order not to betray the citizens' feelings."

The Finance Ministry and the Bank of Japan have voiced concern over Aoshima's pledge.

Meanwhile, Yokoyama, whose real name is Isamu Yamada, will be watched to see how he handles the project to construct new runways at Kansai international airport in Osaka bay and preparations for an Osaka summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum in November.

in the afternoon, Aoshima visited the imperial palace to register as the new Tokyo governor. Asked by waiting reporters to reveal his feelings about the occasion, he said, "I was asking myself can this be true?"

On Tuesday, Aoshima is scheduled to receive U.S. Ambassador to Tokyo Walter Mondale and then tour a number of ministries and government offices.

North Korea

Delegation Chief's Berlin News Conference Noted

SK2204140695 Pyongyang Korean Central Broadcasting Network in Korean 1306 GMT 22 Apr 95

[FBIS Translated Text] Before departing for the fatherland, Kim Chong-u, vice chairman of the External Economy Commission and head of our country's delegation that participated in the third round of the DPRK-U.S. working-level negotiations over the supply of the light-water reactors, gave a news conference in Berlin on 21 April.

Attending the news conference were reporters from about 10 countries, including the United States, the United Kingdom, Germany, France, and Japan.

First of all, the delegation head said: In the third round of the DPRK-U.S. working-level negotiations over the supply of the light- water reactors held over the past month, we did our best [halbarul taehaetta] until the last moment of the negotiations, while repeatedly putting forth relevant proposals reflecting the maximum magnanimity and flexibility [choedaeui arayanggwa sinchuksongi panyongdoen haedanghan cheanul yoniyo naenoko].

He pointed out: However, the U.S. side caused a situation, in which the negotiations could no longer proceed [hyopsangul toisang kyesokhalsu opke mandulottago], by rejecting our magnanimous proposals.

He clarified: The total responsibility for the rupture of the negotiations [hyopsangi kyolloldoen chaekimun chonjokuro] lies with the U.S. side which turned out to be unrealistic, while completely ignoring our legitimate rights [uriui happokchok kwollirul wanjonhui musihago pihyonsiljokuro naon migukchuke itta].

He added: Under these circumstances, we have been forced to return to the fatherland [pudukpul chogukuro toragaji opke toeotssumyo]. We will report the results of the negotiations to the government.

The delegation head then answered questions posed by reporters.

Delegation Returns From LWR Talks in Berlin

SK2204133895 Pyongyang Korean Central Broadcasting Network in Korean 1306 GMT 22 Apr 95

[FBIS Translated Text] The DPRK delegation headed by Kim Chong-u, vice chairman of the External Economy Commission, that participated in the third round of the DPRK-U.S. negotiations over the supply of the light-water reactors [LWR] held in accordance with the DPRK-U.S. framework agreement, flew back home on 22 April.

The delegation was met at the airport by Vice Foreign Minister (Kim Ki-kwan).

Spokesman Comments on 'Rupture' of Berlin Talks

SK2204090095 Pyongyang Korean Central Broadcasting Network in Korean 0805 GMT 22 Apr 95

[FBIS Translated Text] The spokesman for the DPRK Foreign Ministry gave the following answer to a question raised by a reporter of the KOREAN CENTRAL NEWS AGENCY on 22 April in connection with the rupture [kyollyol] of the third round of the working-level negotiations on the supply [chegong] of light-water reactors held in Berlin:

To our regret, the third round of the DPRK-U.S. working-level negotiations concerning the supply of light-water reactors, which had recessed on several occasions [yoro charye] since those negotiations started in Berlin on 25 March, were put into a state of rupture [kyollol sangtaee toro katta] on 20 April.

At the latest negotiations, our delegation showed the maximum magnanimity and made sincere efforts [choedaeui aryanggwa songuiitnun noryokul tahayotta], while repeatedly putting forth epoch-making proposals [kudupdoenun hoekkijok cheanul naenoumyonso] with a view to making every effort to find a settlement to the question of the light-water reactors which was placed in a crisis [ottokehana wigie ppajin kyongsuro munjeui tagyorul irukhagiwihae]. This notwithstanding, no agreement could be reached at the negotiations until the last moment [hyopsangesonun kkutnae amuron hapuido iruktoelsu opssotta] because the U.S. side unreasonably tried to impose to the end [majimakkaji naeri mokiryo hangossurohayo] the nonexistent South Korean-style light-water reactors.

Meanwhile, right after the Berlin working-level negotiations on the supply of light-water reactors broke off, Robert L. Gallucci, roving ambassador in the U.S. State Department, proposed to us that political talks be held in Geneva during the first week of May.

We will take a necessary decisive countermeasure [pilyohan kyoljongjokin taechaek] after receiving a detailed report on the negotiations from our delegation, which took part in the working-level negotiations, and after further sounding out the real intention of the U.S. side on the government level [chongbugupeso migukchukui chinuirul to arabonde kichohayo].

The countermeasure we will take in the future will be an entirely just and reasonable one [paekpun chongdanghago tadanghalgossida] for defending our sovereignty.

KCNA Version of Interview Noted

SK2204050595 Pyongyang KCNA in English 0458 GMT 22 Apr 95

["DPRK Foreign Ministry spokesman on rupture of DPRK-U.S. LWR negotiations"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 22 (KCNA)—The spokesman for the Foreign Ministry of the Democratic People's Republic of Korea was interviewed by KCNA today over the rupture of the third round of the Berlin working-level negotiations between the DPRK and the United States concerning the provision of light water reactors [LWR].

He said:

To our regret, the third round of the DPRK-U.S. working-level negotiations concerning the provision of LWRs, which had recessed more than once after it was started in Berlin on March 25, broke off on April 20.

At the negotiations, the DPRK delegation showed magnanimity as much as possible and made sincere efforts, putting forward one epoch-making proposal after another for a solution to the deadlocked LWR issue. But no agreement was reached at the negotiations because the U.S. side unreasonably persisted in the delivery of the non-existent South Korean-model reactors.

Just after the negotiations broke off, Roving Ambassador of the U.S. State Department Robert L. Gallucci proposed political talks with the DPRK in the first week of May in Geneva.

We will take a necessary decisive measure after getting a detailed report of the negotiations from the DPRK delegation and sounding on the real intention of the U.S. side on the government level.

The measure which we will take in the future will be an entirely just and reasonable one for defending our sovereignty.

U.S., ROK Accused of 'Military Provocations'

SK2204043995 Pyongyang KCNA in English 0432 GMT 22 Apr 95

["Dangerous Military Provocations"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 22 (KCNA)—The South Korean puppets committed a grave military provocation against the North by introducing 90-mm recoilless guns, over 430 heavily armed bandits of the puppet army and more than 10 military vehicles loaded with destruction equipment and war materials into areas of the Demilitarized Zone (DMZ) south of the central sector of the front on April 20, according to military sources.

On April 19 and 20, the U.S. imperialist warmaniacs, in league with the South Korean puppets, staged an adventurous joint air war exercise against the North with the skies above Anmyon Islet, Oeyon Islet and Tongduchon of South Korea as operational theatres.

Involved in the round-the-clock exercise staged under the support of an "E-3" aerial commanding plane were scores of overseas-based fighter planes and 1,100 fighter planes of the U.S. Seventh Airforce and the puppet airforce.

The continued war games and military provocations against the North following the announcement of the planned joint military manoeuvres of the U.S. imperialists and the South Korean puppets, a replica of the "Team Spirit", which will be held from late April to mid-May, are a very grave military provocation intended to stifle the North with "strength" and continue to bring the situation on the Korean peninsula to confrontation and war.

Report on Expected U.S. Casualties if War Occurs

SK2404050195 Pyongyang KCNA in English 0454 GMT 24 Apr 95

["Above 34 Percent of U.S. Troops Are Expected To Be Killed or Wounded if War Break Out in Korea"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—The United States has reportedly judged that if a war break out in the Korean peninsula over 34 percent of its troops to be introduced would be killed or wounded.

This analysis was contained in a U.S. Defense Department report, which was submitted to the Subcommittee on Military Personnel of the National Security Committee of the House of Representatives on March 30.

The Democratic People's Republic of Korea has powerful offensive and defensive means and is in full readiness for any contingency.

If the United States, that is seeking another war in Korea, make a reckless attack, it would meet a crushing defeat, with great losses.

U.S. Defense Department Analysis

SK2404144795 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 23 Apr 95

[FBIS Translated Text] According to a news report, the United States is reportedly judging [pandanhagoitta hamnida] that if a war should break out on the Korean peninsula, more than 34 percent of its troops, which have been introduced, would be killed or wounded [chukkona pusangdanghalgossuro].

This fact was disclosed by a report that was submitted to the Subcommittee on Military Forces and Personnel of the National Security Committee [name of committee as heard] of the U.S. House of Representatives on 30 March.

According to the report, in April 1994, under the supervision of its own program analysis and evaluation bureau, the U.S. Department of Defense made an analysis of the level of damage [pihae] the U.S. troops would suffer on the assumption of simultaneous conflicts breaking out on the Korean peninsula and in Southwest Asia.

Also, U.S. military general headquarters in the relevant regions, too, have made their own individual analyses of the damage that would be done. If a war should break out on the Korean peninsula, they judged that more than 34 percent of the U.S. troops would be killed [sasaldanghalgossuro].

Our Republic is equipped with powerful offensive and defensive means and is prepared against any eventualities [uri konghwagukun kangnyokhan konggyokkwa pangosudanul kachugoissumyo kuotton sataeedo taebihago itssumnida].

If the United States, which is not ruling out the possibility of a war breaking out in Korea, makes a reckless attack, it would shed an enormous amount of blood and would not be able to avoid a crushing defeat [chosonesoui chonjaeng palbal kanungsongul paejehajiankoinnun miguki hamburo tombyodundamyon omchongnan pirul hullilgossimyo champaerul myonchi mottalgossimnida].

ROK Military Exercise Planned for Oct Decried

SK2204043695 Pyongyang KCNA in English 0426 GMT 22 Apr 95

["Fire Will Be Countered With Fire"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 22 (KCNA)—The South Korean warhawks called a "meeting of ranking officers" of the puppet ground, naval and air forces on Thursday and announced that a large-scale military exercise involving 120,000 troops would be held in October, according to a radio report from Seoul.

This reckless war frenzy is extremely aggravating the North-South relations and driving the situation on the Korean peninsula to a touch-and-go phase.

The South Korean puppets assert that the joint military exercise slated for late April is a replica of the Team Spirit joint military maneuvers and that the exercise slated for October is similar to the Team Spirit. This shows their military exercises this year are going beyond the danger line.

The point is that the Kim Yong-sam group announces its plan to stage large-scale military exercises one after another at a time when the DPRK and the United States are at loggerheads due to the unreasonable assertion of the U.S. toward the implementation of the framework agreement between the DPRK and the U.S.

The military threat of the puppets is a despicable move to attain their sinister political purpose in the problem of the light water reactor model.

In a nutshell, this reveals that the South Korean warhawks scheme to bring the DPRK-U.S. framework agreement to a rupture, overpower the North with "strength" and "unify the country by prevailing over communism" by force of arms.

If they unleash another war despite our repeated warnings, we will counter fire with fire and punish the provokers a thousand-fold.

Paper Warns ROK Against 'War Gambles'

SK2304084595 Pyongyang KCNA in English 0831 GMT 23 Apr 95

["War Gamble Leads to Self-Destruction"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 23 (KCNA)—The Kim Yong-sam traitorous clique, at a recent "meeting of brasshats," announced that they have worked out a plan of large-scale military manoeuvres involving 120,000 troops of three services which include two corps of the puppet army in October and are now going ahead with its preparations.

NODONG SINMUN today says the projected manoeuvres as large as the Team Spirit joint military exercises are a grave challenge to the desire of the Korean people and world people for the peace and reunification of the Korean peninsula and an undisguised provocation.

The analyst says:

The traitor Kim Yong-sam, who has got mad over power, is making desperate efforts to expand the colonial fascist ruling system of South Korea to the whole of Korea by realising his aggressive design on the North at any cost. The Kim Yong-sam traitorous clique are desperately rendering the situation strained by staging war gambles and making public military exercise plans one after another. It is clear to everyone that they seek to emerge from the crisis by means of further intensifying the suppression of the patriotic and democratic forces of South Korea, while fostering North-South confrontation and deteriorating inter- Korean relations through military exercises. They also seek a criminal purpose to intentionally aggravate the situation of the Korean peninsula and lay obstacles to the implementation of the framework agreement between the Democratic People's Republic of Korea and the United States by escalating war moves.

If the South Korean puppets attempt to frighten the North with such war gambles as Team Spirit, it is a big mistake. Such an act reminds one of a fool jumping into the fire from the frying pan.

War is not children's play with fire. It does not know mercy. The modernly equipped heroic People's Army and people of Korea guided by a great brilliant commander will deal a thousand-fold blow at those who forestall us.

ROK Military Exercises Close to DMZ Reported

SK2304082095 Pyongyang KCNA in English 0807 GMT 23 Apr 95

[FBIS Transcribed Text] Pyongyang, April 23 (KCNA)—The South Korean puppets fired more than 3,500 large-calibre machine-gun and automatic rifle bullets and over 70 tank shells toward areas adjacent to the Demilitarized Zone from the forefront of the central and western sectors of the front on April 21, according to military sources.

On the same day, more than 10 helicopter gunships of South Korea frantically staged an exercise for supporting ground offensive units and firing at targets in the sky above the forefront in the western sector of the front. And a hundred and scores of puppet army bandits wielded heavy and automatic weapons toward the North side in the central sector of the front.

The frantic war games in the areas adjacent to the Demilitarized Zone along the Military Demarcation Line are a premeditated provocation of the Kim Yong-sam fascist clique to incite confrontation between the North and the South.

If the South Korean authorities persist in their moves to provoke a war in defiance of the desire of the nation for reunification, they will face a stern punishment.

Kang Song-san Meets Thai Economic Delegation

SK2104152795 Pyongyang KCNA in English 1517 GMT 21 Apr 95

[FBIS Transcribed Text] Pyongyang, April 21 (KCNA)—Premier Kang Song-san met and had a friendly talk with the visiting Thai Government economic delegation led by Minister of Commerce Uthai Pimchaichon at the Mansudae Assembly Hall today.

The head of the delegation expressed deep condolences on the unexpected death of His Excellency President Kim Il-song, the great leader of the Korean people.

"During our stay here, we witnessed beautiful looks of Korea and its disciplined and industrious people," he said. "We could know Korea is more developed than other Asian countries."

"Seeing the achievements of the Korean people in industry and technology at the three revolution exhibition, we could believe your country has a great potential for reaching the world level of development in a short period. Economic and trade relations between Thailand and Korea will further develop," he added.

He expressed the belief that the Korean people would make great progress, united around His Excellency Kim Chong-il, their great leader.

Vice President Yi Meets With Thai Delegation

SK2104152395 Pyongyang KCNA in English 1514 GMT 21 Apr 95

[FBIS Transcribed Text] Pyongyang, April 21 (KCNA)—Vice-President Yi Chong-ok today met and had a friendly talk with the visiting delegation of the Foreign Affairs Committee of the House of Representatives of the Kingdom of Thailand led by Suthin Nophaket at the Mansudae Assembly Hall.

The head of the delegation said that during their visit, they witnessed tremendous achievements made by Korea under the wise guidance of his excellency the great leader Kim Il-song.

His excellency the great leader Kim Chong-il has long since led Korea together with His Excellency Kim Il-song, he added.

He expressed the belief that greater achievements and progress will be made in politics, the economy and all other fields in Korea under the wise leadership of His Excellency Kim Chong-il, who represents His Excellency Kim Il-song today.

Chairman Yang Hyong-sop of the Supreme People's Assembly met and had a friendly talk with the delegation when it paid a courtesy call on him at the Mansudae Assembly Hall today.

Foreign Parties Support Pyongyang Declaration

SK2104152095 Pyongyang KCNA in English 1511 GMT 21 Apr 95

[FBIS Transcribed Text] Pyongyang, April 21 (KCNA)—Russian and Malagasy parties issued statements on the occasion of the third anniversary of the publication of the historical Pyongyang Declaration.

The Central Committee of the Russian Communist Workers' Party said in the statement that three years after the Pyongyang Declaration was published in April 1992 proved its principles are absolutely right.

Noting that capitalism can not give peace and happiness to the people, but only socialism can eliminate subordination and social inequality, the statement said the Russian Communist Workers' Party affirms its unwavering loyalty to the revolution and the cause of socialism on the occasion of the third anniversary of the publication of the Pyongyang Declaration.

Its Central Committee expresses deep thanks to Comrade Kim Chong-il and the Central Committee of the Workers' Party of Korea for the Pyongyang meeting of fraternal parties they arranged in its difficult time to strengthen the revolutionary forces and enhance the spirit of the struggle, said the statement. O. Shenin, chairman of the Council of the Union of Communist Parties-the Communist Party of the Soviet Union, said in his statement titled "Pyongyang Declaration Is Invincible Banner" that the number of parties of different countries which signed the Pyongyang Declaration is ever increasing although the world situation remains complicated and the reactionary forces are clamouring about the "end" of socialism. This fact powerfully demonstrated that socialism is an invincible idea and the road of justice, he said, and added:

Since Comrade Kim Chong-il published the work "Socialism Is a Science", the justness and conviction of the socialist idea and practice have become more definite and the progressive people have got another powerful weapon in their struggle.

The New Party of the Congress for the Independence, the Action for the Renaissance, the Monima Socialist Organization, the Socialist Progressive Party, the United Party of Struggle, the Party for the Defense of the Rights of the Masses, the Patriotic Movement of Workers and the Militant Party for the Realization of Equality of Madagascar released a joint statement calling upon all the revolutionary parties of the world to realise the socialist idea, firmly united under the banner of the Pyongyang Declaration.

Leaders Attend KPA Anniversary Report Meeting

SK2404093895 Pyongyang Korean Central Broadcasting Network in Korean 0657 GMT 24 Apr 95

[FBIS Translated Excerpt] Here we are at the 6,000-seat 8 February Cultural Hall. The central report meeting to celebrate the 63d anniversary of the founding of the heroic Korea People's Army [KPA], our revolutionary Armed Forces, will be held in a moment. [passage omitted on description of the hall]

Entering the rostrum are Comrade Kang Song-san, member of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK] and premier of the Administration Council; Comrades Yi

Chong-ok and Pak Song-chol, members of the Political Bureau of the WPK Central Committee and vice presidents; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee, vice chairman of the National Defense Commission, and chief of the General Staff of the KPA; party and government cadres; KPA vice marshals; responsible functionaries of party and government organizations, administration and economic organizations, and working organizations; anti-Japanese fighters; commanders of the KPA branches of arms and services; general-grade officers; Republic heroes; and exemplary fighters. [passage omitted]

KCNA Reports on KPA Meeting

SK2404105795 Pyongyang KCNA in English 1043 GMT 24 Apr 95

["National Meeting Held To Celebrate 63rd Anniversary of Founding of Heroic Korean People's Army"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—A grand national meeting celebrating the 63rd anniversary of the foundation of the heroic Korean People's Army (KPA), the revolutionary Armed Forces of our party, was held at the 6,000-seated hall of the February 8 House of Culture on Monday.

Placed on the platform of the meeting place was a portrait of the great leader President Kim Il-song, the founder and the leader of our revolutionary Armed Forces.

Present there were Premier Kang Song-san, Vice-presidents Yi Chong-ok and Pak Song-chol, who are members of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK], other senior party and government officials, KPA soldiers and working people from all walks of life, Yi Chong-sang, chief of the Pyongyang mission of the National Democratic Front of South Korea, members of Chongnyon [General Association of Korean Residents in Japan] delegations and visiting groups staying in the socialist homeland.

Present on invitation were members of the diplomatic corps and military attaches' corps here.

The participants observed a moment's silence in memory of President Kim Il-song.

Choe Kwang, a Politburo member of the WPK Central Committee, member of the party Central Military Commission and chief of the General Staff of the KPA, made a report under the title "Let us firmly defend the revolutionary cause of chuche with arms, upholding the leadership of respected supreme commander".

The reporter said that all the officers and men of the KPA and people are now recalling the combatant course shining with victory and glory followed by our revolutionary Armed Forces under the guidance of the party and the leader with ever-growing yearning for the great leader Comrade Kim Il-song and reverence for him.

Comrade Kim Il-song led our revolutionary Armed Forces to a brilliant victory in the two revolutionary wars and brought about a fundamental turn in shaping the destiny of our people, and trained our People's Army to be the main force of the revolution upholding the cause of the party in the struggle against the class enemies within and without, the reporter said, adding:

Thanks to the reliable military guarantee provided by Comrade Kim Il-song, the cause of our party had advanced persistently without failure and setback in the past and is making a long stride, not wavering to world-wide upheavals today. This is a boundlessly precious favour shown by him for our people and a great feat serving as an eternal wealth of our revolution.

The leadership feat of the army building of the great leader which is recorded in the annals of our revolution will be immortal with the history of the chuche- based army building and he will remain alive for all ages in the hearts of the officers and men of our People's Army and people.

The reporter said that the cause of the chuche-based army building today has been constantly deepened and developed on to a new higher stage under the guidance of respected supreme commander Comrade Kim Chong-il, a distinguished military strategist and the great brilliant commander.

He continued:

Thanks to the outstanding military idea and the great leadership of Comrade Kim Chong-il, our People's Army has grown to be a matchless strong army which is capable of repulsing any aggression army of imperialism at one stroke and defending the socialist homeland as firm as a rock.

The experienced and tested leadership of Comrade Kim Chong-il is a source of the might of our People's Army and a decisive guarantee of all our victories.

As we are guided by respected Comrade Kim Chong-il who is leading the revolutionary cause of chuche at the head of our party, state and revolutionary Armed Forces just as Comrade Kim Il-song did, we always feel reassured and our people and People's Army will win victory not only today but also in the future.

Big efforts should be directed at strengthening the People's Army in order to continue advancing the cause of our party, the cause of socialism, the reporter said and elaborated the tasks.

He quoted Comrade Kim Chong-il as saying:

"The more challenges of the class enemies against the revolutionary cause, the more firmly we should build the revolutionary Armed Forces and the better we should make preparations for battle."

He further said:

We should actively conduct political and ideological education with the main stress on education in loyalty within the People's Army and make all the soldiers defend the cause of the party and the socialist homeland with their lives in any adversity and become rifles and bombs to safeguard the respected supreme commander.

The officers and men of the People's Army should firmly arm themselves with the chuche-based viewpoint toward the war, complete the combat preparations and be in full combat preparedness so as to firmly defend the cause of the party with arms under any unexpected circumstances.

The policy of arming the entire people and fortifying the whole country should be continuously implemented, the all- people defense system be more firmly cemented, the trait of attaching importance to the military affairs be established all over the society and the Army and the people unite as one and totally repulse the aggressors in case of emergency.

Choe Kwang noted that the South Korean authorities are seeking a permanent division while continuing to take the road of depending on outside forces and North-South confrontation and U.S. conservative forces are ceaselessly building up the Armed Forces and kicking up military rackets against the DPRK in South Korea.

He said: The United States and the South Korean puppets plan to stage another joint military exercise against the DPRK with the mobilisation of a large number of military forces and uptodate military equipment. This is a wanton violation of the DPRK-U.S. framework agreement. The projected manoeuvre is a replica of the Team Spirit joint military exercises, he said, denouncing it as a grave challenge to the DPRK.

Choe Kwang warned:

The Kim Yong-sam traitorous clique cannot clear off the heinous crimes committed by them with anything and will face a stern punishment of history and the people.

The United States must act with discretion, clearly seeing the trend of the time, and discontinue military exercises and military provocations under different names it is staging with the South Korean authorities.

Our people love peace and do not want war. However, we never beg for peace.

Our people who regard independence as the life and soul will never allow anyone to infringe upon our sovereignty, and any aggressor to touch a blade of grass, a tree in our inviolable territory.

If the United States continues to take the road of military adventure with the "policy of strength", going against the trend of the world toward detente, it will get nothing good and will be wholly held responsible for all the consequences.

Choe Kwang Denounces ROK, U.S.

SK2404103595 Pyongyang KCNA in English 1024 GMT 24 Apr 95

["Chief of General Staff Choe Kwang Warns South Korea and United States"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—A grand national meeting celebrating the 63rd anniversary of the founding of the heroic Korean People's Army (KPA), the revolutionary armed forces of our party, was held at the 6,000-seated hall of the February 8 House of Culture in Pyongyang today.

The officers and men of the KPA and our people had significantly celebrated the Army Day (April 25) every year in the presence of President Kim Il-song, the great founder of our party, state and revolutionary armed forces. But this year they are greeting the day with bitterest feelings over his unexpected death.

Attending the meeting were Premier Kang Song-san and Vice- presidents Yi Chong-ok and Pak Song-chol who are Politburo members of the Central Committee of the Workers' Party of Korea [WPK], and other senior party and government cadres.

Vice Marshal Choe Kwang, Politburo member of the WPK Central Committee, vice-chairman of the National Defense Commission of the DPRK, member of the party Central Military Commission and chief of the General Staff of the KPA, made a report on the subject "Let us firmly defend the revolutionary cause of chuche with arms, upholding the leadership of respected supreme commander".

The reporter said:

All the soldiers should defend the cause of the party and the socialist homeland with their lives in any adversity and become rifles and bombs to safeguard Comrade Kim Chong-il, the respected supreme commander.

The officers and men of the People's Army should firmly arm themselves with the chuche-based viewpoint toward the war, complete the combat preparations and be in full combat preparedness so as to firmly defend the cause of the party with arms under any unexpected circumstances.

Noting that the United States and the South Korean puppets plan to stage another joint military exercise, Choe Kwang said this is a wanton violation of the DPRK-U.S. framework agreement. The projected manoeuvre is a replica of the Team Spirit joint military exercises, he said, denouncing it as a grave challenge to the DPRK.

He declared:

The Kim Yong-sam traitorous clique cannot clear off the heinous crimes committed by them with anything and will face a stern punishment of history and the people.

The United States must act with discretion, clearly seeing the trend of the time, and discontinue military exercises and military provocations under different names it is staging with the South Korean authorities.

If the United States continues to take the road of military adventure with the "policy of strength", going against the trend of the world toward detente, it will get nothing good and will be wholly held responsible for all the consequences.

'Invincible Might,' 'Dignity' of KPA Viewed

SK2404051595 Pyongyang KCNA in English 0510 GMT 24 Apr 95

["Security of Fatherland Guaranteed by KPA Soldiers"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—Invincible might and high dignity of socialist Korea have been guaranteed militarily by the Korean People's Army [KPA] with credit.

The officers and men of the Korean People's Army in the past ten years frustrated resolutely nearly 435,000 cases of enemy's provocative moves on the ground, in the sea and the sky, thus honourably defending the security of the fatherland and the happiness of the people.

In the 80s, they dealt out a stern punishment to the enemy for ceaseless armed assaults, espionages and other military provocations.

Armed assaults, espionages and hostile acts of the enemy against the North side in October 1983 and June 1984 were brought to failure by the self-defensive measure of the KPA soldiers.

The KPA seamen defended the territorial waters of the fatherland from intrusions of the enemy's 60 warships and unidentified vessels on over 30 occasions in the first half of 1989 alone, and captured the enemy's spy ship that illegally intruded into the territorial waters of the North side in September 1993.

Planes of the U.S. imperialists and the South Korean puppets, that illegally intruded into the sky above the North in March 1983, January and December 1985, September 1988, September 1990 and May 1992, could not but escape in face of the instant sortie of the airforce and the fire power of the anti-aircraft artillery of the KPA.

In December last year, they gunned down at a shot a U.S. imperialists' helicopter gunship that intruded into the North side's airspace, warning that the enemy must not violate our peaceful sky.

The officers and men of the Korean People's Army who have the great leader Comrade Kim Chong-il as the supreme commander are overwhelmed with the unshakable will to defend the party, the leader and the anthropocentric Korean-style socialism, come what may.

Literature Found in ROK Lauds Kim Chong-il

SK2104151995 Pyongyang KCNA in English 1504 GMT 21 Apr 95

[FBIS Transcribed Text] Pyongyang, April 21 (KCNA)—Copies of a handbill carrying reverence for the great leader Comrade Kim Chong-il were scattered on the road in front of a middle school in Kangnung City on March 25, the Seoul-based radio Voice of National Salvation quoted the information of the South Korean Kangwon Provincial Committee of the National Democratic Front of South Korea as saying.

The handbill in the name of the Saeppyol Society reads:

"We have a great leader who is immediately President Kim Il-song, a peerless patriot and the sun of the nation.

"He is General Kim Chong-il, a great man produced by heaven, who is the same with President Kim Il-song in idea, leadership and personality.

"General Kim Chong-il is the most brilliant of generals and the greatest of sages. He always wins with his idea, wisdom and virtues and turns misfortune into a bliss.

"Let us all trust and follow General Kim Chong-il forever."

An impressive large wallpaper expressing reverence for Comrade Kim Chong-il was hung on a cliff beside a mountaineering path at the foot of Mt. Tobong in Seoul in early April, said the radio Voice of National Salvation.

The following letters were written in red on the wallpaper:

"The dawn of reunification is drawing near. Only when we follow General Kim Chong-il, a brilliant general produced by heaven, can the country be reunified and the nation have a bright future. Let us all rise in the sacred patriotic war for reunification under the guidance of General Kim Chong-il, the leader of the nation

[Dated] April 1995

Paektu-Halla Mountaineering Society."

Paper Lauds Kim Chong-il as 'Matchless General'

SK2404052495 Pyongyang KCNA in English 0517 GMT 24 Apr 95

["Comrade Kim Chong-il Is Matchless General Defending Korean People's Destiny"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 24 (KCNA)—Having general Kim Chong-il with distinguished resourcefulness and unparalleled grit is vital to shaping the destiny of the Korean people and accomplishing the cause of socialism, says NODONG SINMUN today in a by-lined article titled "Supreme Commander Comrade Kim Chong-il Is a Matchless General Firmly Defending the People's Destiny."

The paper quotes the great leader Comrade Kim Il-song as saying:

"I am pleased that there is another general, General Kim Chong- il, in our country."

The article says:

Now the military strategists and war historians of the world see the model of brilliant commanders with distinguished strategy and grit in the extraordinary quality of our respected supreme commander.

Respected General Kim Chong-il's is a distinguished strategy enough to skillfully solve any problems in modern military affairs and is a steel-like grit without slightest vacillation in face of any formidable enemy and military pressure.

His strategy reduces strategies mapped out by the enemy's strategists by racking all their brains to a good-for-nothing and his grit strikes terror into the hearts of the arrogant imperialists.

Guided by him, our people have become a powerful and dignified people who have a matchless general firmly defending their destiny, blessed with great generals, and who always emerge victorious in the acute political and military confrontation without exchange of fire with the imperialists.

Today our people have General Kim Chong-il, who has fully inherited the majestic appearance and traits of the great General Kim Il-song, an unequalled general who defeated two powerful imperialisms in one generation.

Therefore, our people are firmly convinced that they are able to defeat any formidable aggressors and successfully shape their destiny by themselves.

Each time the country and the people were faced with danger, the great General Kim Chong-il answered the imperialists' aggressive war provocation moves with a powerful military countermeasure, and their political and military pressure with a revolutionary offensive to foil it.

Guided by General Kim Chong-il, our people have a definite military guarantee for defending their destiny.

Our People's Army has become an invincible army equipped with the chuche-based war method, an unrivaled army with modern attack and defense means enough to defeat any formidable enemy. This is a powerful military guarantee for always defending the destiny of our people.

Functionaries Urged To Devotedly Serve People

SK2304115595 Pyongyang MINJU CHOSON in Korean 18 Mar 95 p 2

[By Chon Chong-ho]

[FBIS Translated Text] A struggle is now being vigorously carried out throughout the country to effect a new change in the people's livelihood by enhancing the Army's role. In order for the functionaries at local power organizations to excellently fulfill their duties in the worthwhile struggle to realize the great leader [yongdoja] Comrade Kim Chong-il's sublime intent to bestow more abundant and civilized lives on our people, it is important for them to greatly display the spirit of devotedly serving the people.

The great leader Comrade Kim Chong-il noted:

"Only those cadres who devotedly serve the people and share life, death, happiness, and pains with them can win the people's love and respect as well as the party's great confidence."

It is functionaries' due trait to devotedly serve the people.

The spirit of devotedly serving the people is the resolute and revolutionary spirit of devoting oneself to the struggle for the people's interests. In other words, the spirit is the lofty self-awareness of the revolutionary fighters, who regard the popular masses as the masters of the revolution and construction and as the strongest and the most dignified beings and devotedly struggle to protect and consummate their demands and interests. It is also a firm will to sincerely implement their duties for the party and the people.

During the entire course of leading the revolution and construction, our party has considered it a basic principle of party and state activities to faithfully serve the popular masses and solve all problems by relying upon the popular masses' strength, and has wisely led functionaries to have the trait of sincerely serving the people. The slogan "Serve the people!" presented by our party implies the great leader Comrade Kim Chong-il's lofty intent to foster all our functionaries as the people's genuine servants, who sincerely work for the people. When they carry out all works with the trait of devotedly serving the people, the functionaries will be able to fulfill their duties as the people's faithful servants, strengthen blood relations between the party and the masses, and greatly advance the superiority of the popular masses-oriented socialism of our own style. Those functionaries who faithfully serve the people with the spirit of devotedly serving the people are indeed genuine leading members of the revolution who faithfully uphold the leadership of our party, as well as true, faithful, and filial subjects who are endlessly loyal to the party and the leader.

All functionaries should have the spirit of devotedly serving the people, and in particular, those functionaries at the people's government organizations should more deeply bear it than anyone else.

It is a mandatory requisite derived from the characteristic and mission of the people's power organizations for the functionaries at the people's power organizations to have the trait of devotedly working for the people.

Our people's government is a chuche-type revolutionary and people-oriented government that struggles while considering the chuche idea as a guideline. The people's government's historic mission is to completely realize the popular masses' independence. Hereby all activities of the people's government should be carried out in accordance with the working masses' intents and interests and should be permeated with the purpose of preparing independent and creative lives for them. The working popular masses' intents and demands are the supreme principle that controls all activities of the people's government, and all policies of the people's government are aimed at preparing independent and creative lives for the working masses.

Functionaries at power organizations are the core forces of the party and the state. All policies of the people's government are implemented by functionaries at the power organizations. Accordingly, functionaries at power organizations should devotedly work for the people, with a correct view of and attitude toward the people in accordance with the demand of the chuche idea; this is an irresistible principle of their activities that coincides with the characteristic and mission of our people's government. When functionaries at our power organizations devote everything to the struggle for the popular masses, they can be the genuine functionaries desired by our party and can fulfill their honorable duties as the people's loyal subjects.

It is an important demand in repaying the people's confidence and expectations for functionaries at government organizations to have the trait of devotedly serving the people.

All functionaries at power organizations are children of the working people, including farmers, and are the people's loyal subjects who work at power organizations with the people's confidence.

Heavy duties of functionaries at power organizations signify the party and the leader's great confidence and the people's invariable expectation for them to work more for the fatherland and the people. Therefore, it is a due obligation of functionaries at power organizations to always remember and repay the confidence of the people who have fostered and entrusted them. Functionaries at power organizations can repay the people's confidence and expectations by excellently fulfilling tasks assigned to them. The way to repay the people's confidence and expectations is to actively struggle for the people's interests while placing their intents and demands above all else and bearing aloft the self-awareness of being the masters in charge of the people's lives. In order for functionaries at power organizations to work in accordance with the people's confidence and expectations, being aware of their duties, they should have the noble trait to devotedly work for the people. By doing so, they can truly love the people, share happiness and sufferings with the people, and devote themselves to improving the people's welfare. Our people's government is not a governing body that reigns and rules the people, but a service body that protects and guarantees the people's interests; and functionaries at power organizations are not government officials, but the people's servants. If functionaries at power organizations lack the self-awareness to serve the people, they will regard themselves as special beings, and this idea will grow as authority and bureaucratism; they will finally be separated from and abandoned by the people. Functionaries who work at various positions at the people's power organizations are revolutionary soldiers and the people's loyal subjects who have pledged to devote their lives for the people. Functionaries at power organizations should not forget even for a moment their pledge made in front of the party and should devote all they have to the people, with sheer devotion to always serve the people faithfully. When functionaries at power organizations devotedly work for the people with the lofty spirit of serving the people, the people can love and respect functionaries at power organizations, while the functionaries can excellently fulfill their mission and duties as the people's loyal subjects.

The spirit of devotedly serving the people held by the functionaries at power organizations should be expressed in an active and practical struggle to protect the people's interests.

It is an irresistible principle for functionaries at power organizations to organize and carry out all works while placing the people's interests above all. It is a work attitude our functionaries should display to always think of ways to improve the people's welfare, when walking on the street or lying in bed, and to make every effort to have the people live better lives. The process of all works carried out by functionaries at power organizations should be composed of these activities and meditation. Functionaries at power organizations should reflect the party's intent and the people's interests in designing and organizing every work and should implement to the last whatever task coincides with the people's interests no matter how few benefits it offers them, and no matter how small it is. It is not the work attitude of the functionaries who are aware of their duties as the people's faithful servants to overlook acts that run counter to the people's interests, to not feel sorry to see people undergoing inconveniences in life, to be at a loss about what to do while complaining about unfavorable conditions, or to not work in a revolutionary way. Today's functionaries at the people's power organizations should have the noble trait of valuing their comrades and the people more than themselves, caring for the people's livelihood in detail, and making every effort to quickly and completely solve their problems and meet their demands.

When functionaries at power organizations work with this viewpoint and position, the party and the state's ceaseless consideration can reach the people even better;

the people's material and cultural life can constantly be improved; and all working people can stoutly fight for the growth and prosperity of the socialist fatherland.

The spirit of devotedly serving the people held by functionaries at power organizations should also be expressed in their revolutionary living manners.

Functionaries' living manners reflect the state of their ideology and spirit. Those functionaries with the lofty spirit of serving the people can live soundly, without being discriminated against by the working people. Functionaries at power organizations are voluntary fighters who have been determined to work energetically for the people and have launched into the revolution on their own volition. We are carrying out the revolution, overcoming arduous trials, not for an individual's comfortable life, but for the people. Functionaries should not regard themselves as special beings, shoule be humble in front of the masses, and should always live modestly like the working people. Only those functionaries who make all possible efforts to implement their revolutionary mission and who are ready to devote anything to the masses can faithfully work for the people and can be loyal to the party and the leader to the end.

Now, our party wishes that functionaries at local power organizations play a vanguard role in implementing the party policy on effecting a change in the people's life by enhancing the Army's role, with the greater-than-ever spirit of devotedly serving the people. Those functionaries who devotedly struggle to completely implement this policy presented by the party can be called faithful functionaries today. Bearing the party's intent deep in mind, functionaries at power organizations should accelerate economic and cultural construction by fully mobilizing the natural, geographical conditions and production potential of each locality and devote all their wisdom and passion to the struggle to improve the people's living standards.

Functionaries at all power organizations should have great loyalty to the party and the revolution, as well as the spirit of devotedly serving the people, and excellently fulfill their revolutionary duties. By doing so, they should enrich our country, our fatherland, and make our people enjoy more abundant and happier lives.

Daily Views Class Indoctrination of Generations

SK2204064595 Pyongyang NODONG SINMUN in Korean 26 Mar 95 p 3

[Article by Sin Ung-chol: "The Class Indoctrination Policy that Corresponds to the Demand of Developing Realities"]

[FBIS Translated Text] Today all the people in our country are vigorously struggling to tenaciously defend and protect socialism of our own style with a lofty class consciousness. This has been prompted by the fact that our party consistently deepened and carried out the class indoctrination work among the party members and workers.

From the first stage of leading the revolution and construction, our party paid great attention to the work of intensifying class indoctrination for the party members and workers.

Based on his deep insight into the demand of developing realities in which the revolution and construction have been deepened and the change of generations is taking place in the revolutionary ranks, the great leader [yongdoja] Comrade Kim Chong-il viewed the class indoctrination work as an important issue related to the destiny of socialism. He defined the work as an important formula in educating the chuche idea and in strengthening the driving force of the revolution. He wisely led the class indoctrination work so that it is further deepened among party members and workers. In particular, the respected Comrade Kim Chong-il is leading so that great efforts are directed to class indoctrination work for the new generation under the condition in which the generation of the revolution is being shifted. Intensifying class indoctrination for the new generations, who are happily growing up without knowing any of the hardships of the past, is very important work to foster them to be chuche-type revolutionaries who will firmly inherit the generation of the revolution—the generation of socialism.

If we do not intensify class indoctrination, we cannot enhance the revolutionary consciousness—class consciousness—among the new generations, and in this event, the new generations will not be able to safeguard the socialism achieved by previous generations with blood and sweat. In recent years, socialism was frustrated in many nations. It is important to note that this is related to the fact that class indoctrination was not carried out for the new generations and the class struggle was abandoned.

Based on his scientific analysis of the demand of developing realities in our country and of historic lessons in socialist construction, the great leader Comrade Kim Chong-il elucidated the class indoctrination policy which our party should firmly adhere to at present.

The great leader Comrade Kim Chong-il has pointed out: It is part of class indoctrination to teach the new generations how our fathers and mothers carried out the arduous struggle in their youth.

In carrying out class indoctrination of the new generations, it is very important to teach the arduousness of the struggle that our fathers and mothers carried out. We should make the new generations keenly realize how their parents fought to defend the fatherland during the fatherland liberation war in the past; how they built socialism on the wasteland during the postwar reconstruction period, and how devotedly they struggled for the nation by dedicating all their wisdom and energies during the socialist construction period. This is an important part of the class indoctrination which our party is emphasizing today. Included in it is the great leader Comrade Kim Chong-il's lofty intention to implant the revolutionary spirit and unswerving fighting spirit of the working class, which was cherished by our parents, in the hearts of the new generations, who will shoulder the future of the fatherland, and to foster them to be genuine chuche-type revolutionaries with unswerving working-class outlook and position.

The justness of the class indoctrination policy put forward by the great leader Comrade Kim Chong-il can be found in that this policy corresponds to the essence and mission of class indoctrination.

Class indoctrination is, in essence, the ideological indoctrination work to arm people with the class consciousness of the working class. The spirit of thoroughly defending and protecting the class interests of the working class under any difficult and complex circumstance and of dedicating everything to achieving the socialist and communist cause—the working class' revolutionary cause—by going through fire and water, is the very class consciousness of the working class. It is an important method for enhancing the class consciousness among the new generations to teach how their parents fought to defend the nation by shedding blood, and how they spent their youth to build socialism.

Our new generations consist of people who grew up without hearing the sound of guns echoing during the fierce fatherland liberation war period and who grew up without sweating even a drop in the postwar reconstruction site. Therefore, implanting the indomitable revolutionary spirit cherished by their parents in the hearts of the new generations is important in fostering them to be unswerving revolutionaries, who will tenaciously defend and protect the party and the leader under any difficult and complex circumstance, and who will fight to the end for socialism by adhering to the revolutionary principle.

During the fatherland liberation war period in the past, our fathers and mothers blocked the enemy's fire with their bodies, and smashed the enemy with heavy machine guns by using their cheeks to press the trigger after loosing their arms. In the rear area, they did not stop operating lathes, moving the conveyor belts with their hands. Even in the difficult postwar days when everything was destroyed and reduced to ashes, they tightened their belts and worked harder than others and thus built a powerful socialist state on the empty land with independence and self-reliance in economy and defense by carrying out an arduous and tenacious struggle. The indomitable fighting spirit displayed during the fatherland liberation war period and postwar reconstruction period is the expression of the lofty class consciousness of the working class. Without the endless hatred of the imperialists and the class enemy and without the class resolution and position to ardently love our socialist fatherland, we cannot think of decisive battles waged by our fathers and mothers against the enemy nor can we think of blood and sweat shed by them for building our powerful and wealthy fatherland. Only when we make the new generations correctly realize what their parents fought for by shedding their blood and realize why they unswervingly fought only along the single road indicated by the great leader [suryongnim] by overcoming difficult trials, can they struggle to carry to accomplishment the socialist cause with a firm working-class outlook by going through fire and water. This means that the class consciousness cherished by their parents is inherited by the new generations.

The justness of the class indoctrination policy put forward by the great leader Comrade Kim Chong-il is that this policy is the most effective method for arming the new generations with class consciousness.

The class indoctrination can be carried out through various forms and methods. One such method is to explain the reactionary nature and corruption of imperialism and the system of exploitation and the legitimacy of the class struggle, and another method is to show the materials and data of atrocious and barbarous acts of the class enemy. All these methods play a very important role in enhancing the people's class consciousness. However, with only these methods, we cannot enhance the people's class consciousness onto a step higher in compliance with the demand of today's developing realities. Teaching how the parents struggled for the party, the leader, the fatherland, and the people is a method with particular effect in arming the new generations with class consciousness.

Parents, sons, and daughters are linked through blood ties which cannot be severed. Therefore, the education of sons and daughters by their parents, who are related to each other with blood ties, through concrete contents concerning their struggle and destiny, is an even better method.

People are apt to preserve throughout their lives what they learned from their parents in their childhood. This will exercise great influence on developing their outlook on the world. The class indoctrination through the parents' struggles and lives can captivate the hearts of the new generations with great persuasive power.

Sons and daughters usually have extraordinary interest in how their parents lived in the past, and are to remember forever their parents' pasts which are embroidered with noble and heroic struggles. Thus, they come to cherish the firm determination to follow their parents. In particular, when our new generations are keenly aware that our socialist gains are the fruition of their parents' precious blood and sweat, they will treasure our own-style socialist system as their lives and will unswervingly struggle by dedicating their whole hearts and lives.

We should continually deepen class indoctrination by upholding the great leader Comrade Kim Chong-il's lofty intention, and should firmly arm all party members, workers, and the new generations with the class consciousness of the working class. We should thus vigorously fight to make our nation and fatherland stronger and wealthier.

Editorial Stresses 'Party's Greatness'

SK2304100095 Pyongyang NODONG SINMUN in Korean 31 Mar 95 p 1

[Editorial: "Let Us Fully Master the Greatness of Our Party]

[FBIS Translated Text] Today all people are vigorously conducting a struggle to greet the 50th anniversary of the founding of the party with a high sense of political zeal and the brilliant achievements of labor, cherishing a great dignity and pride of carrying out the revolution under the great party's leadership.

The 50th anniversary of the founding of the Workers Party of Korea [WPK] serves as an important occasion for vigorously displaying the indomitable might of our party, which has embarked upon the road of the proud victory and glory under the leadership of the great leader [suryong] and the respected and beloved Comrade Kim Chong-il. All party members and working people should more fully master the greatness of our party, which is experienced and seasoned, on the occasion of the auspicious holiday that will be recorded as the brilliant chapter of our party's history.

The great leader [yondoja] Comrade Kim Chong-il has indicated: "Our party is an experienced and seasoned party."

For party members and working people to fully master the greatness of our party is an important work to cherish the boundless loyalty to the party and the leader as their faith.

Our party is the party founded and fostered by the great leader Comrade Kim Il-song, as well as the party of an impregnable fortress the respected and beloved Comrade Kim Chong-il is constantly strengthening and developing. Our party has been developed into the indomitable party, going through all kinds of sweetness and bitterness of life in a difficult struggle against the enemies of the revolution and various antirevolutionary trends, as well as in the complicated struggle to pioneer the unexplored socialist road. There is no experienced and seasoned party other than our party, judging from the protracted history that has led the revolution and the achievement and experience gained in that course, as well as from the leadership skill to clearly solve the tasks in difficult and complicated times. Party members and working people should fully master the greatness of our party so that they can become the true loyalists and dutiful sons, who uphold the leadership of the party with loyalty, entirely entrusting their destiny to the party. We can cherish a firm position and view that we cannot live in a moment apart from the party, as well as the spirit of devotion that goes through fire and water if it is called by the party, only if we hold the greatness of the party as our faith. Therefore, we should adhere to the work to master the greatness of the party as the life-and-death work to endlessly share the destiny of the party, as well as to endlessly glorify the noble political life assigned by the party.

For party members and working people to fully master the greatness of the party is a rewarding work to display the boundless spirit of devotion in the struggle to make our country, our fatherland, become prosperous and strong.

Our country, our fatherland, is the chuche socialist fatherland built by the great leader [suryong] and led by our party. If our party does not exist, the socialist fatherland and the promising future cannot exist either. Only when we faithfully master the greatness of the party can we vigorously carry out the work for the fatherland's prosperity with single-hearted unity, highly upholding the party's intent. The issue of effecting a revolutionary upsurge in developing agriculture, light industry, and foreign trade, by thoroughly implementing the party's revolutionary economic strategy, as well as the issue of unconditionally implementing the assigned national economic plan daily, monthly, and quarterly lies in party members and working people by how they cherish the party's greatness as their faith and how they struggle for its realization. Only when all functionaries, party members, and working people unconditionally and thoroughly implement the party's decision with a high sense of dignity and pride of living and carrying out revolution on the chuche socialist fatherland led by the great party, can we constantly perform a new miracle and gain accomplishments on all fronts of socialist construction. Also, our country, our fatherland, will be converted into the people's paradise where people can live more happily.

Today, the world's revolutionary people are highly praising the greatness and immortal achievements of our party. All party members and workers should more strenuously struggle with great pride and dignity in carrying out the revolution under the leadership [yongdo] of the most experienced and seasoned party which is guiding the era of independence.

We should, above all, deeply grasp the wise leadership of the fatherly leader [suryongnim] and the great Comrade Kim Chong-il who have strengthened and developed our party into an experienced and seasoned party.

The greatness of the party is the greatness of the leader [suryong] and the leader [yongdoja] who founded and is leading the party. Because the great leader [suryongnim] founded it and the respected and beloved Comrade Kim Chong-il is leading it, our party has come to pride itself on being the greatest party, which is unprecedented in history, in terms of its organizational and ideological solidity, of its ties of kinship with the masses, and of its achievements and experience.

We should not forget even for a moment what great energy and efforts the fatherly leader [suryongnim] and the great Comrade Kim Chong-il have devoted to founding our party, and to strengthening and developing it into an experienced and seasoned party. All party members and workers should resolutely defend the great Comrade Kim Chong-il politically and ideologically and with their lives, while always keeping deep in their hearts the fact that the existence of our dignified party is attributed to the great leader [yongdoja] Comrade Kim Chong-il's seasoned leadership. We should resolutely defend, safeguard, and glorify for all generations to come, the achievements in party building made by the fatherly leader [suryongnim] and the great Comrade Kim Chong-il, and should devote all they have to strengthening and developing our party.

What is important for all party members and workers in deeply grasping the greatness of our party, is to have a good understanding of the immortal revolutionary achievements which our party has made along the road upon which it has invariably defended the revolutionary ideology of the leader [suryong].

Half a century has passed since our party was founded. Our party is the only party that has invariably defended one ideology, the ideology of the leader [suryong] who founded the party, for a long time. Along this glorious road, our party has made immortal achievements before the times and revolution, and before the fatherland and the people. Today, each of all the victories, successes, and precious revolutionary gains, which are giving forth light on this land, is a precious fruition borne by the experienced and seasoned leadership [yongdo] of our party.

All party members and workers should become determined fighters in the struggle to defend and safeguard our party's revolutionary ideology, the chuche idea, just like the faithful revolutionaries of the previous era, while having high pride and dignity in our party which has set brilliant examples in building a revolutionary party of the working class. In this regard, they should also strengthen and develop our party into a chuche-type revolutionary party whose name is eternally mentioned, along with the esteemed names of the great leader [suryongnim] and the respected and beloved Comrade Kim Chong-il.

All party members and workers should grasp, historically and on a wholesale scale, what an arduous struggle our party has carried out under the banner of the chuche idea in order to provide revolutionary gains, which now serve as an everlasting foundation of our revolution, including the ever-victorious and invincible revolutionary power, the most superior socialist system, and the firm self-reliant national economy. All of us should well understand—how great and precious are the achievements which our party has made—by looking at the proud reality of the socialist fatherland of chuche and at the happiness which we are enjoying; and should resolutely defend, safeguard, and glorify for all generations to come, such achievements under any circumstances.

The greatness of the party is the greatness of the leadership [yongdo]; and the greatness of the leadership [yongdo] is displayed strongly in the scientific nature and vitality of the lines and policies of the party. All party members and workers should deeply understand the justness of the party's lines and policies to well understand the greatness of our party.

Our party's lines and policies are most scientific ones that correctly reflect the demands of the times, the concrete reality of the country, and the aspirations of our people. The party members and workers should realize with their hearts what epoch-making turns our party's lines and policies have brought to this land and what great happiness such lines and policies have brought to them. All of us should think and act in conformity with the party's intentions and wishes anywhere and at any time, and should unconditionally and thoroughly accomplish the party's decisions and directives in an unflinching fashion, while regarding the party's lines and policies as their only criterion and motto for all life and struggles.

It is important for all party members and workers to study the works of the great leader [suryongnim] and the documents of the party on a wholesale scale with a view to deeply grasping the greatness of our party.

The works, which have been put forth by the great leader [suryongnim] and the respected and beloved Comrade Kim Chong-il, make a comprehensive compilation of the glorious and brilliant revolutionary history of our party, which has been endlessly strengthened and developed into an experienced and seasoned party, in a wholesale way. All party members and workers should comprehensively and deeply study the immortal and classical works put forth by the great leader [suryongnim] and the respected and beloved Comrade Kim Chong-il, including "The Historic Experience in the Building of the Workers Party of Korea," "The WPK Is a Chuche-Type Revolutionary Party Which Has Inherited the Glorious Tradition of the 'Down-With-Imperialism Union,'" and "On the Basic Questions on the Building of a Revolutionary Party," thereby grasping with their hearts what a glorious road the party has traversed and what immortal achievements the party has made along such a road.

On the occasion of the 50th anniversary of the founding of the party, the party organizations at various levels should organize and carry on concretely and strongly, the indoctrination work to imbue the party members and workers more deeply with the greatness of our party. The party organizations should effectively carry out the work of publicizing—in conformity with the demands of the developing reality—how experienced and seasoned our party is, so that all party members and workers can strenuously struggle with the faith in sure victory that as long as our party exists, we will always win.

The destiny of our fatherland, nation, and revolution depends upon our party; when the greatness and invincibility of our party is vigorously displayed, the honor and dignity of our fatherland and nation will increase, and our revolution will march forward triumphantly. All party members and workers should elaborately celebrate this year, which marks the 50th anniversary of the founding of the party, as the most brilliant year in the history of our fatherland, by being boundlessly loyal to party leadership [yongdo], while more deeply grasping the greatness of our party which is upholding the great leader [yongdoja] at its head.

Independent Position Stressed for Revolution

SK2304052795 Pyongyang Korean Central Broadcasting Network in Korean 0929 GMT 22 Apr 95

[Unattributed talk from the "Ray of Chuche" program: "Independent Position Is a Basic Position To Be Maintained in Revolution and Construction"]

[FBIS Translated Text] Today, our fatherland displays its dignity as a chuche-based socialist fatherland. This is a brilliant victory of the achievement of our people, who have firmly maintained the independent position elucidated by the chuche idea in propelling revolution and construction under the wise leadership of the party and the leader [suryong].

The great leader [yongdoja] Comrade Kim Chong-il has pointed out: As taught by the leader [suryong], the independent position is a basic position to be maintained in revolution and construction.

What position the party of the working class maintains in implementing the socialist cause is a critical question that will decide its destiny. The respected General Kim Chong-il, who is a great ideological theorist and the master of the chuche idea, defined the independent position as the basic position to be maintained in revolution and construction, and clearly solved all fundamental questions arising in embodying this position.

The independent position means that one solves all questions of revolution and construction by one's own judgment and decision using one's own capability and responsibility. The party and the popular masses of the working class should firmly maintain the revolutionary position under any circumstance in order to safeguard its national dignity and honor as well as to consummate the socialist cause to the end.

The independent position is the basic position of revolutionary struggle and construction because, above all, the position is a demand of the revolutionary struggle itself. The objective of the revolution is to achieve the independence of the popular masses. All revolutionary struggles are aimed at independence and at achieving the independent demand and interests of the popular masses. The popular masses rise in the revolutionary struggle against exploiters and suppressors; they devote all their creative wisdom and strength to the socialist construction because they do not want any subjugation or bondage and do not want their dignity trampled upon.

Because the revolutionary struggle is aimed at independence, the independent position must be maintained during the entire course of the struggle. Whether or not the popular masses maintain the independent position in revolution and construction as well as safeguard their independent demand and interests is a fundamental question of whether or not to fulfill their responsibility and role as the master.

Moreover, under circumstances in which the revolution is carried out individually in each country and nation, maintaining an independent position is a matter of vital importance. The master of the revolution in every country is the country's party and people, who know best about the country's revolution and who have immediate interests. Thus, the party and people of every country should maintain an independent position and solve all problems of revolution and construction using their own judgment and decision as well as their own capability and responsibility. Without a firm chuche-based faith, one will dance to others' tunes, thus eventually ruining revolution and construction and failing to defend one's dignity.

The independent position is the basic position of revolutionary struggle and construction because it is the most thorough revolutionary position, as well as the position of the working class. The cause of independence of the popular masses and the socialist cause are the causes of the working class. The position of the working class must be consistently maintained in order to repulse all kinds of challenges by the imperialists and reactionaries and to achieve the cause to the end.

In the fierce class struggle between capitalism and socialism, concessions in the revolutionary principles and positions of the working class means surrender and betrayal, which will bring about irrevocable consequences. The more the antirevolutionary and antisocialist maneuvers of the enemies are strengthened, the higher should the party and people of the working class uphold the banner of the revolution and resolutely adhere to the position of the working class. To this end, they should maintain the independent position at all times and under all circumstances. The independent position is the only and most thorough revolutionary position; it is the position of the working class.

The independent position thoroughly embodies the opinions and demands of the working class, the most independent class, who struggle to liberate themselves on their own and become the masters of their own destinies. The position does not allow any pressure or interference in revolution and construction, but demands solving all problems in a revolutionary manner, according to principles based on the firm standpoint of the position of the working class. Any position that conflicts with the independent position—such as living without one's own mind while trying to read others' minds—is far from the position of the working class and the popular masses. Such a position will only ruin revolution and construction.

The party and people of the working class can only consummate the revolutionary cause of the working class and the socialist cause to the end when they courageously struggle with their own opinions and faith and with the revolutionary spirit of self-reliance under any circumstances.

The ideological theory of the respected and beloved general, that the independent position is a basic position of revolution and construction, was clearly proved during our revolutionary practices. Due to unique features in the development of our country's history and the last-ditch maneuvers of our enemies, including those of the imperialists, our people are walking along the exceptionally arduous road of revolution. Nevertheless, they have always regarded independence as life, and have resolutely maintained an independent position. They are advancing the socialist cause to brilliant victory without being shaken even slightly.

The correctness of the dear comrade leader's ideological theory that the independent position should be maintained as the basic position of revolution and construction is clearly proven by the historical lessons of our times. Due to the imperialists and the betrayers of socialism, many countries that have long adhered to socialism are facing a grave situation in the revival of capitalism. A fatal reason was the failure to maintain an independent position in revolution and construction. Had the parties of these countries taken an attitude of being the master of the revolution and solved all their problems from an independent position, the domino collapse of socialism would not have taken place.

Our people will always bear deep in their hearts the lesson from today's reality, and will more thoroughly arm themselves with the great ideological theory of the dear leader [chidoja] Comrade Kim Chong-il. Our people will more firmly maintain the independent position in revolution and construction, uphold his outstanding leadership with loyalty, and brilliantly inherit and consummate the chuche socialist cause.

Article Views Production of Farming Equipment

SK2304145395 Pyongyang MINJU CHOSON in Korean 22 Mar 95 p 3

[Article by Kim Yong-chan, general director of the General Bureau of Farm Machine Industry at the Ministry of Machine Industry: "Important Ways To Successfully Guarantee the Production of Farm Machines and Farm Equipment"]

[FBIS Translated Text] An important question arising from thoroughly accomplishing the party's agriculture-first policy and brilliantly consummating the tasks on the socialist rural theses while upholding our party's revolutionary economic strategy is to produce many modern and highly efficient farm machines and farm equipment, and send them to rural areas. This is a noble duty assigned to the sector of the machine industry, which should better serve the development of agriculture, light industry, and trade; and, in particular, this is the most important revolutionary duty assigned to the functionaries and working class in our sector who are directly responsible for the production of farm machines and farm equipment.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"It is also necessary to produce many and various kinds of highly efficient farm machines and send them to rural areas."

Now is the responsible timing which we should not lose in terms of the production of farm machines and farm equipment. To vigorously accelerate the production of farm machines and equipment is an urgent militant task, which cannot be postponed from any angle viewpoint, in terms of glorifying this year, which marks the 50th anniversary of the party's founding and the 50th anniversary of the fatherland liberation, with bumper crops; of greeting the birthday of the great leader [suryongnim] with a high level of political enthusiasm and labor exploits; of making meticulous preparations for the pressing farming; and of successfully concluding the battle of the first quarter of the year.

In order to guarantee the production of more farm machines and equipment for rural areas, it is, above all, important that functionaries should buckle down, in an ideological way, to this work, while having a correct standpoint and attitude toward it.

It is important to have a correct perception that functionaries' work to guarantee the production of farm machines and equipment is not a simple practical question, but a sacred duty to brilliantly consummate the tasks of the socialist rural theses, in which the fatherly leader's [suryongnimui] far-sighted plan for the rural construction is reflected; and is an important political task to decisively increase agricultural production, including grain production, and to smoothly guarantee the people's livelihood in conformity with the socialist demands by thoroughly accomplishing our party's agriculture-first policy. When we have such a standpoint and viewpoint, we can see the demonstration of a high sense of responsibility and creativity, and of a revolutionary struggle spirit. In particular, it is necessary for functionaries to have a firm standpoint that the production of farm machines and equipment is a responsible task which comes into gear to the pressing farming process whose timing we should not lose. Only when we have a revolutionary consciousness and a high sense of responsibility that it is necessary to give priority to guaranteeing the production well in advance of necessary farm machines and equipment, including rice-seedling transplanting machines and plows, within this month, can we unflinchingly push for the pressing farming process in accordance with the relevant process, and can we successfully carry out this year's farming.

Such a standpoint and viewpoint is a work spirit which not only the functionaries, who are directly responsible for the production of farm machines and equipment but also the functionaries in related sectors should possess and embody in practice. The experiences of the functionaries in the sectors of coal industry, forestry, and railway transportation—who pushed for the production of farm machines and equipment as if this were their own job in January and February this year—and of the responsible functionaries of relevant plants and enterprises show that successes can be achieved, when all related fields push for the production of farm machines and equipment as befitting masters as if this question were their own, while attaching importance to this question. At the present moment, plants and enterprises at various places, which are producing farm machines and farm implements, are vigorously carrying out battles. Their battle is largely supported by the work spirit befitting masters with which the plants and enterprises in related sectors are supplying necessary fuel and materials—including coal, timber, and steel materials—and various products produced by cooperatives on a timely and smooth basis.

It is also necessary for functionaries, who are directly responsible for this work, to effectively carry out the organization and command of battles with a view to smoothly guaranteeing the production of farm machines and equipment.

Relevant functionaries should go down to actively support and guide lower-echelon functionaries, and, in particular, should vigorously carry out the political work among the producing workers to highly arouse their revolutionary zeal and creative positiveness, while meticulously carrying on the economic organizational work and skillfully carrying out the guidance of production in conformity with the demands of the Taean work system.

It is important to provide a sufficient guarantee for the production process of farm machines and equipment in advance; to determine the proper order of priority for work on the basis of always grasping the general status of the production process in a concrete way; and to vigorously push for the general production while concentrating efforts on the main link and carrying out production in a conspicuous way.

In terms of the command of production, functionaries should demonstrate the work spirit of setting examples in standing in the head to solve pending problems on their own by displaying the masses' creative ability, while staying in the battle fields of the production units and taking dynamic countermeasures in conformity with the changing circumstances. The experiences of the functionaries, who are conducting the command of battles at the production bases of farm machines and equipment in various places throughout the country, including Haeju, Chongjin, Sinwon, Sariwon, and Hamhung Districts are corroborating that if upper-echelon functionaries set examples and show by practice rather than by theory among the masses, effectively carry on the economic organizational work, and skillfully command the battles in cooperation with lower-echelon functionaries, then they can successfully fulfill the unmanageable goals for the production of farm machines and equipment.

In particular, it is very important that functionaries thoroughly embody the revolutionary spirit of self-reliance and fortitude and the anti-Japanese guerrilla unit-style work method in carrying on the organization of production and the command of battles. Great successes will surely be achieved, when functionaries themselves actively arouse the masses and effectively lead the masses' struggle while standing in the head, just like the commanders of the anti- Japanese guerrilla units, with the firm resolve and determination to display the spirit of self-reliance and fortitude. This is eloquently shown by the fact that the functionaries, who have gone down to the tractor-drawn farm machine plants in Chongjin and Sinwon, have shiningly accomplished the newly added production tasks by solving questions on their own concerning the materials and fuel needed for the production of plows with the communists' revolutionary spirit and mettle to explore and mobilize their own inner reserves and create something out of nothing, while not asking the upper echelon for help.

Next, it is necessary to pay proper attention to smoothly guaranteeing the quality of products in the production of farm machines and equipment.

No matter how many farm machines and equipment are produced, if their quality does not come up to a certain level, they cannot be fully effective.

The plants producing farm machines and equipment should make sure that the accuracy, reliability, and performance of their products are guaranteed to the maximum extent, while thoroughly satisfying the demands in the designs of the products, the technical regulations, and the standard regulations of operation. In particular, if it has not been a long time since certain plants and enterprises began their own individual production of farm machines and equipment, such plants and enterprises should pay special attention to their production; and it is important to attach greater importance to carrying out the technical guidance to such production units.

It is necessary for the related sectors, plants, and enterprises to guarantee, with responsibility, the supply of the materials, the products produced by cooperatives, and the fuel, which are needed for the production of farm machines and equipment. It is possible to smoothly produce farm machines and equipment in accordance with the stage-by-stage goals and daily plans, when relevant sectors thoroughly abide by the revolutionary discipline and order of giving top priority to the supply of various materials, such as bearings, round steel, timber, belt, and various paints, and kinds of fuel, such as oil and coal, in conformity with relevant plans and contracts.

Functionaries should thoroughly accomplish the party's agriculture-first policy, more vigorously display the vitality of the socialist rural theses, and make active contributions to glorifying the pressing and meaningful farming of this year with bumper crops, while upholding with their heart the great leader [yongdoja] Comrade Kim Chong-il's noble intentions and while carrying out this work with responsibility by displaying high loyalty, revolutionary spirit, party spirit, working-class spirit, and the serve-the-people spirit.

South Korea

Further on DPRK Delegate's News Conference

SK2204014595 Seoul MBC Television Network in Korean 0040 GMT 22 Apr 95

[Correspondent-read report by Sin Chang-sop over video of news conference by Kim Chong-u, chief North Korean delegate to the expert-level nuclear talks in Berlin, held in Berlin on 21 April—recorded]

[FBIS Translated Text] North Korea-U.S. expert-level talks, which have been held in Berlin in three rounds since last September to solve the light-water reactor problem, have broken up after failing to find a solution by the deadline.

The North Korean delegation passed the blame for the failure to reach agreement on to the United States, then departed for Pyongyang today.

[Begin Kim Chong-u recording] No agreement was reached at the current round of the talks because of the U.S. delegation's unrealistic attitude [pihyonsilchok taedo]. [end recording]

Kim Chong-u, the senior North Korean delegate, gave a news conference before departing for Pyongyang. During the news conference, he said he does not expect high-level political talks will take place to discuss the light-water reactor problem.

[Begin Kim Chong-u recording] What could be done in high-level talks has already been done, and decisions were made. Only the stage of implementing the DPRK-U.S. agreed framework remains. [end recording]

Senior delegate Kim Chong-u refrained from mentioning the possibility of reloading the reactors with fuel rods since no agreement had been reached by the deadline.

[Begin Kim Chong-u recording] This is a matter that the government, which has received a report on the results of the negotiations from our delegation, will decide on [kyodsimhal munje]. [end recording]

Senior delegate Kim Chong-u also called the ROK-style light-water reactors, proposed by the United States at the talks, unborn reactors [taeonajido anun kyongsuro].

In connection with this, an official concerned at the North Korea-U.S. talks stated: Because North Korea lacks principles on ROK-style light-water reactors, it even rejected the United State's flexible proposal. This is why the talks have broken up.

Meantime, the North Korean delegation left for Pyongyang early this morning, Korean time; the U.S. delegation will leave Berlin this afternoon.

Retreat From Earlier 'Threats'

SK2204010295 Seoul YONHAP in English 0056 GMT 22 Apr 95

[FBIS Transcribed Text] Berlin, April 22 (YONHAP)—North Korea has hinted at the possibility it may continue to negotiate for a light-water nuclear reactor contract despite the failure to reach an agreement with the United States in their recent experts' talks here.

In a news conference held shortly before the North Korean delegates returned to Pyongyang Friday [21 April], North Korea's chief delegate to the Berlin talks Kim Chong-u said that restarting the graphite-moderated nuclear reactor at Yongbyon is "a matter to be decided upon by the government (of North Korea)."

Such remarks of Kim, vice chairman of the External Economy Commission, are a conspicuous retreat from his earlier threats during the talks with the United States which reportedly said that North Korea was ready to reload its nuclear reactor in Yongbyon after April 21, the target date for signing a contract supplying light-water nuclear reactors to North Korea.

In connection with the possible high-level officials meeting between Washington and Pyongyang, he said that he did not foresee the high-level talks yet and added "this is an issue to be decided on by the government."

Kim also expressed an intention to continue the expert-level contact by stating "we discussed all issues at the high-level talks and what is left for the nuclear framework reached in Geneva is its implementation."

He then shifted the responsibility of the experts talks' failure to the United States' unrealistic attitude and expressed the rejection of South Korean-standard nuclear reactor for safety-related reasons.

Kim and the other North Korean delegates left for their country on an Air Koryo flight at 6 P.M.

Cites 'Unrealistic' U.S. Attitude

SK2104231095 Seoul KBS-1 Radio Network in Korean 2201 GMT 21 Apr 95

[By Yi Maeng-ku from Berlin]

[FBIS Translated Text] As U.S.-DPRK talks on light-water reactors ruptured, negotiations to implement the Geneva agreement will face a cooling-off period [naenggakki] for the being time. In particular, it has been observed it will be difficult to resume the talks for the time being because the two sides shift responsibility for the breakdown of the talks to each other.

Prior to leaving for the airport, Kim Chong-u, senior delegate from North Korea, held a news conference on 21 April, stating that the talks ruptured because of the unrealistic attitude of the United States. He also stressed that because the ROK-style reactor is not safe, the DPRK cannot accept it.

Asked if the DPRK will reoperate its reactors, Kim avoided answering the question, saying this will be done at the authority's discretion [tanggugeso araso haril ida]. He also stated that he does not expect [yegyon haji ankko itta] any high-level talks.

Concerning this, the ROK and the United States stated that even if they made a flexible proposal that accepted North Korea's hope, North Korea did not recognize the reality in which there is no alternative other than ROK-style reactors.

Gallucci Cancels Interview With Local Daily

SK2104002295 Seoul YONHAP in English 0017 GMT 21 Apr 95

[FBIS Transcribed Text] Seoul, April 21 (YONHAP)—Nuclear ambassador Robert Gallucci of the United States cancelled a telephone interview with a local daily scheduled for early Friday when he was abruptly summoned to the White House, apparently to discuss the breakup of the nuclear talks in Berlin late Thursday, according to a spokesman for the United States Information Service (USIS) here.

Gallucci was scheduled to have an exclusive one-hour interview with KWANGJU ILBO to discuss the North Korean nuclear issue starting at about 6:15 A.M. Friday morning.

A number of reporters were expected to attend the one-hour telephone interview, scheduled at the USIS building in central Seoul, because of its crucial timing as talks were scheduled to continue in Berlin between Pyongyang and Washington to solve the nuclear issue before the April 21 target date to sign a reactor contract.

The nuclear ambassador will reschedule the telephone interview later, according to the spokesman.

Dailies on Breakup of Light-Water Reactors Talks

SK2204071795

[FBIS Editorial Report] The following is a compilation of comments by Seoul vernacular newspapers on 22 April regarding the breakup of the Berlin U.S.-DPRK talks on providing light-water reactors to the DPRK.

The moderate TONG-A ILBO carries on page 4 a 1,000-word article by reporter Kim Cha-su entitled "Countermeasures for the 'Breakup of the Light-Water Reactors Talks'."

The article says that as North Korea unilaterally declared the breakup of the North Korea-U.S. talks, the North Korea-U.S. Geneva agreement is now at a crossroads. The article goes on to say: "The ROK and the United States proposed North Korea-U.S. high-level talks between Kang Sok-chu of North Korea and Gallucci of the United States as a last-ditch effort to achieve a breakthrough in the talks."

The paper added: "The ROK Government believes the light-water negotiations are the last opportunity to incapacitate North Korea's tactic of brinkmanship and its strategy to exclude the ROK from providing light-water reactors because the ROK has the most effective card—that is, financing." The article concludes: "We must first wait and see whether North Korea will accept the U.S. proposal for talks between Kang Sok-chu and Gallucci. Even if North Korea accepts the proposal, it will likely insist on comprehensively resolving issues concerning light-water reactors, the improvement of North Korea-U.S. relations, and the signing of a peace agreement. Therefore, it will not be easy to achieve a momentous breakthrough at the Kang Sok-chu-Gallucci talks."

The moderate HANGUK ILBO carries on page 3 a 1,000-word editorial entitled "Breakup of North Korea-U.S. Talks." The editorial first says the sides failed to reach agreement because of North Korea's "tactic of brinkmanship," stating: "If North Korea resumes its nuclear development, it will risk losing everything, including light-water reactors; the establishment of liaison offices; the easing of trade sanctions; telephone service; heavy oil; the establishment of diplomatic relations with Japan; money from the pro-Pyongyang General Association of Korean Residents in Japan; and North-South economic cooperation. It will also suffer strong UN sanctions."

The paper added: "North Korea must resume expert-level talks or cooperate in concluding the negotiations by accepting the ROK's leading role. This is the only way for it to obtain more favorable terms to overcome its serious economic crisis and maintain its existence."

The moderate KYONGHYANG SINMUN carries on page 3 a 1,000-word editorial entitled "Reason Why the Sides Must Solve Problems Concerning Light-Water Reactors at an Early Date." The editorial first notes talk about North Korea's threat to reload its reactors with nuclear fuel and the U.S. threat to impose UN sanctions and build up forces in the ROK, stating that if these hard-line views gain momentum, this will "shake the North Korea-U.S. agreement to its foundation." The editorial went on to say "it would be good for both sides to select a reactor model as soon as possible," adding: "North Korea must realize as early as possible that accepting ROK-style light-water reactors will lead to building a basis for national reconciliation and cooperation. It must also be the first to make efforts to open the door to North-South dialogue."

The pro-government SEOUL SINMUN carries on page 3 a 1,000-word editorial entitled "The Principle on ROK-Style Light-Water Reactors Cannot Change." The editorial first expressed its disappointment over North Korea's unpredictable diplomacy, stating North Korea is now at a crossroads of returning to the negotiating table or engaging in all-out confrontation. The editorial adds: "We do not want new tensions on the Korean peninsula. However, the government must make preparations for the worst case." The editorial concludes: "Because the ROK will pay for most of the expenses of the light-water reactors, the principle of supplying ROK-style light-water reactors cannot change, and North Korea must first hold dialogue with the ROK. We urge North Korea to change its fundamental perception."

U.S. Proposes Additional Talks With Pyongyang

SK2204024795 Seoul YONHAP in English 0241 GMT 22 Apr 95

[FBIS Transcribed Text] Washington, April 21 (YONHAP)—U.S. Nuclear Ambassador [title as received] Robert Gallucci announced Friday [21 April] a proposal to North Korea to hold additional high-level talks in Geneva to implement the agreed framework both governments reached there last October.

Speaking at a press briefing in Washington Gallucci said, "We've told the DPRK that we are prepared to meet in Geneva, so long as they continue to adhere to the terms of the agreed framework.

"Most importantly, that means that the North Koreans need to maintain the freeze on their nuclear facilities," he added.

The expert-level talks in Berlin were declared "broken-off" by the chief North Korean delegate Kim Chong-u after the two sides failed to meet the target date of April 21 to conclude the accord. The agreement calls for the provision of two 1000-megawatt light-water nuclear reactors to the North in exchange for the freezing of their graphite-moderated reactor program.

Although the North has previously threatened to restart their program if the talks did not bear fruit, Gallucci verified that the North has yet to make such a move but added, "When the DPRK speaks officially, we certainly listen to what they have to say. I don't know what they're going to do. I would just prefer to say that we will wait and see what they do, and as we have in the past we'll respond to what they do."

If the North resumes their nuclear activities, Gallucci reassured that the International Atomic Energy Agency (IAEA) inspectors stationed in the North would be able to detect and report such activity immediately.

The talks stalemated as the North Koreans steadfastly refuse South Korean standard light-water reactors. But Gallucci maintained the stand that the South Koreans must play a central role in the reactor provision, as they are willing to finance the project.

"There were three criteria that a project design had to meet: technical, political and financial viability. The South Korean project concept is the only one that met all three."

However, Gallucci did not rule out the role of subcontractors, saying, "'central' (role) does not mean 'only...' when we say South Korean reactors, we don't mean that no other company would be involved in subcontracting."

But the ambassador was confident about breaking the deadlock in the talks, reaffirming, "I do know that as we understand the issue, this is a solvable issue."

North Official on Meeting With U.S. Possibility

SK2404092095 Seoul YONHAP in English 0912 GMT 24 Apr 95

[FBIS Transcribed Text] Washington, April 24 (YONHAP)—North Korea indicated Monday the possibility of conditionally accepting the U.S. offer last week for a high-level meeting between Vice Foreign Minister Kang Sok-chu and U.S. nuclear ambassador Robert Gallucci in Geneva early next month.

In a telephone interview with YONHAP, an official of the North Korean Mission to the United Nations, who is involved in the nuclear talks with the United States, said, "We, too, attach importance to dialogue with the United States and can meet them again, but they should first meet some conditions before meeting us."

The official, requesting not be identified, went on, "On April 23 last year, the Americans, proposing to hold a political meeting with us, asked us to meet certain conditions, and since the situation has changed over the year we now should follow the precedent they made, shouldn't we?"

Asked when the high-level meeting would be held, if ever it should take place, he replied that it would take place "soon."

But he refused to elaborate on the conditions which the U.S. Government should meet before holding the high-level meeting.

Flexibility in Specifying Reactor Model Noted

SK2404023195 Seoul CHOSON ILBO in Korean 24 Apr 95 p 2

[Report by Kim Chang-ki and Kim Sung-yong]

[FBIS Translated Text] It was learned on 23 April that concerning the issue of supplying light-water reactors to North Korea, the government has decided that as long as

ROK-style reactors are to be provided in practice, the government will be flexible on the issue of stipulating the style in the agreement, and will not mind if the title "ROK-style" is not used.

Relevant government officials said the government paid attention to expert opinion that specifying "ROK-style" (or "Ulchin Nos. 3 and 4"), specifying the ROK as designing the light-water reactors, and specifying the ROK enterprise as a main contractor have all the same effect in actuality; based on this, the government will provide flexibility to U.S.-DPRK nuclear negotiations in the future.

However, the officials noted: "Such flexibility is related only to matters of formality; there is no change in the U.S. and ROK position that ROK-style light-water reactors should be actually implemented." Government officials pointed out that the ROK will put forward its previous demand that, as regards the agreement on providing reactors and selecting the main contractor, the Korea Energy Development Organization [KEDO] should conclude the agreement with North Korea on providing the reactor, and the ROK's Korea Electric Corporation should be the main contractor, with KEDO serving as the organization placing the order.

On the other hand, North Korea has been reportedly demanding that the United States and North Korea should conclude the agreement, and a North Korean firm called "Korea Facilities Corporation" should place the order, with a U.S. enterprise being designated as the main contractor.

U.S. Firm Considered as Reactor Coordinator

SK2304074395 Seoul YONHAP in English 0733 GMT 23 Apr 95

[FBIS Transcribed Text] Tokyo, April 23 (YONHAP)—The U.S. Government is contemplating having Bechtel play as project coordinator for construction of light-water nuclear reactors in North Korea under the framed agreement with the communist country in Geneva last October, the YOMIURI SHIMBUN reported Sunday, quoting a ranking State Department official.

In a telephone interview Friday evening, the official said the North Koreans are being asked to study the possibility of Bechtel's role as project coordinator.

But the U.S. Government will not concede its position for a South Korean company playing as the prime contractor of the project to North Korea, the official was quoted as saying.

Bechtel's experience in joint construction over the years of light-water reactors with ABB-CE which developed the reactor system model 80 which North Korea prefers for its new nuclear power development program must have prompted the U.S. Government to consider naming the company project coordinator, the Japanese-language newspaper said.

The U.S.-North Korea expert-level talks in Berlin on who should supply light-water reactors to Stalinist country have been stalemated because of the communist country's objection to South Korea supplying the reactors.

On press reports that some U.S. officials are planning to form a consortium of two U.S. firms, including Bechtel, and a South Korean firm for the North Korean reactor project, the official said the U.S. Government is not supporting such a plan, as it is pushing to get Korea Electric Power Corp. of South Korea as the prime contractor, the newspaper said.

North, South Delegates Exchange Words Over NPT

SK2104040095 Seoul TONG-A ILBO in Korean 21 Apr 95 p 4

[Article by reporter Kim Cha-ung from the United Nations: "North and South Korea Engaged in a Hot War of Words"]

[FBIS Translated Text] North and South Korea exercised their right to answer questions twice, respectively, at a meeting to discuss the extension of the Nuclear Nonproliferation Treaty [NPT] held on the afternoon of 19 April (on the morning of 20 April Korean time) at UN Headquarters. They waged a fierce war of words by rebutting each other's remarks.

In his keynote speech, Pak Su-kil, ROK ambassador to the United Nations, said that "North Korea is making nuclear threats," adding that "strong disciplinary action must be taken against countries that do not abide by the NPT provisions." Displeased at his remarks, North Korea countered: Kim Chang-kuk, a counselor at the North Korean Mission at the United Nations, fiercely denounced the ROK side. This is how that day's fierce war of words started.

North Korean Counselor Kim said: "South Korea has allowed foreign forces to be stationed in its territory and brought in nuclear weapons from abroad. This has exposed all people to the threat of a nuclear catastrophe. Therefore, South Korea has no qualification to talk about the nuclear problem on the Korean peninsula." He went on to say: "South Korea is carrying out a secret plan to develop nuclear weapons." Then, the ROK side responded: ROK Counselor Yi Kyu-hyong exercises the right to answer questions concerning North Korean Counselor Kim's remarks. ROK Counselor Yi quoted portions of the report to the UN Security Council by Hans Blix, secretary general of the International Atomic Energy Agency [IAEA], and rebutted the North Korean official's remarks by saying: The ROK has abandoned its plan to develop nuclear weapons technology for a long time. It has fully implemented nuclear inspections since signing a nuclear safeguards accord with the IAEA. As a result, the ROK's nuclear transparency has been confirmed.

ROK Counselor Yi went on to say: "If North Korea suspects that the ROK is developing nuclear weapons, there will be a way for North Korea to determine if the ROK is doing so or not, when North and South Korea so agree. I once again urge the North Korean side to hold bilateral dialogue to discuss how to implement the North-South joint denuclearization declaration signed three years ago."

Then, North Korean Counselor Kim asked for the right to answer questions concerning ROK Counselor Yi's remarks for the second time. The North-South bickering entered a second round. North Korean Counselor Kim said: "North Korea will start consultations with South Korea after basic provisions of the DPRK-U.S. nuclear agreement are implemented. I ask South Korea not to build obstacles to the implementation of the DPRK-U.S. agreement."

In response, ROK Counselor Yi, too, asked for the right to answer questions for the second time. He said: "Regrettably, no one here will believe the North Korean delegate's denunciation of the ROK given the words and deeds it has uttered or committed so far in the international community."

Then, the North Korean side did not request permission to speak but kept silent, which ended that day's war of words. North and South Korea have waged wars of words in many UN conferences since simultaneously joining the United Nations. However, that day's war of words was the first such bickering in which counselors exercised their right to answer questions twice.

Chongwadae Unification, Security Meeting Held

SK2304054495 Seoul YONHAP in English 0539 GMT 23 Apr 95

[FBIS Transcribed Text] Seoul, April 23 (YONHAP)—South Korea will push for resuming the suspended dialogue with North Korea, as stipulations of the U.S.-North Korea agreement in Geneva last October calling for resumption of the dialogue have not been implemented at all in the face of North Korea's objection.

The decision was made at a high-level security and unification policy meeting held in the presidential office of Chongwadae Thursday [20 April] to discuss the U.S.-North Korea expert-level talks in Berlin, a high-placed government official said Sunday.

Under the decision, the government will have the U.S. Government press North Korea to resume the inter-Korean dialogue suspended since early 1993 when it holds a high-level meeting with the North.

Following the suspension Friday of the Berlin expert-level talks on who should supply light-water nuclear reactors to North Korea under the Geneva accord, Washington proposed high-level political talks with North Korea in Geneva early next month.

When the proposed high-level meeting is held, U.S. officials will tell their North Korean counterparts that without resuming the suspended inter-Korean dialogue, the North Koreans would be baffled in implementing the Geneva agreement, including the stipulations concerning the supply of light-water reactors to North Korea, the official said, on condition of anonymity.

On its part, Seoul, employing its all available diplomatic routes, will seek to remind Pyongyang that resumption of the inter-Korean dialogue is part of the Geneva agreement so that the North will come to feel the need to resume the dialogue for full implementation of the agreement.

Should the North positively respond to Seoul's proposal in January for an inter-Korean vice minister-level meeting, the government would offer to provide economic assistance to the North, he said.

But another official said the U.S. Government would raise the issue of resuming the inter-Korean dialogue in the proposed high-level meeting with North Korea, depending on the North's conditions for the meeting.

DMZ North Soldiers 'Irritating' South Soldiers

SK2204043195 Seoul CHOSON ILBO in Korean 22 Apr 95 p 1

[FBIS Translated Text] With the backdrop of U.S.-North Korean talks in Berlin on supplying light-water reactors facing difficulties, North Korean soldiers have recently and frequently irritated [chaguk] ROK soldiers inside the Demilitarized Military Zone [DMZ]. Therefore, military authorities are closely watching this.

Such acts by North Korean soldiers are frequently and mainly committed, especially in the middle and west frontline. Regarding this, To Il-hyu, commander of the ROK Third Army, made an urgent report to Kim Tong-chin, chairman of Joint Chiefs of Staff, on the afternoon of 21 April. This is unprecedented.

A source in the Army stated: "In recent days, five or ten North Korean soldiers in groups entered the DMZ and approached close to the Military Demarcation Line, then returned to their side, thus frequently irritating [chaguk] ROK soldiers."

The source also stated: "Such acts by North Korean soldiers seem to be a kind of Armed Forces demonstration related to the North Korean nuclear issue as well as the ROK Army's recent exercises."

Accordingly, military authorities have reportedly reinforced its guard against moves by North Korean soldiers along the DMZ and decided to formulate multilateral measures.

Polish NNSC Delegation Head Returns to Seoul

SK2404061195 Seoul YONHAP in English 0604 GMT 24 Apr 95

[FBIS Transcribed Text] Seoul, April 24 (YONHAP)—The head of the Polish contingent of the Neutral Nations

Supervisory Commission (NNSC), which was expelled by North Korea from the truce village of Panmunjom late last February, came to Seoul Monday [24 April] to attend an annual meeting of the commission, according to a Foreign Ministry spokesman.

While visiting the country through May 5, Krzystof Owczarek [spelling of name as received] will discuss with other members of the NNSC, including Sweden and Switzerland, ways to operate the NNSC, said the spokesman.

The Ministry of Defense has been inviting members of the NNSC to the annual spring meeting since 1965.

The Polish delegation has announced that it will continue to do its job as an NNSC member although it was evicted by the North Korean authorities from the northern side of the Demilitarized Zone.

A Foreign Ministry spokesman said that the visit by the Polish NNSC delegation's chief to the country is part of the pledge by the Polish to continue to do its job as an NNSC member.

The Polish delegation will take part in the three-way meeting with the Swedish and Swiss delegations to jointly make routine reports to the United Nations, said the spokesman.

U.S.: MAC Delegate Replaced With American

SK2404022095 Seoul KYONGHYANG SINMUN in Korean 24 Apr 95 p 1

[Reporters Kim Hak-sun/Yi Chung-kun]

[FBIS Translated Text] It has been disclosed that the United States has unilaterally notified our side it will replace the senior delegate to the Military Armistice Commission [MAC] in Panmunjom, which has been filled by an ROK general-grade officer for the past four years, with a U.S. general-grade officer from the UN Forces Command.

Since this notification sent by the United States represents a regression from the principle of resolving the issue on the Korean peninsula by the parties concerned (i.e. North and South Korea)—a principle that the ROK and the United States have so far maintained—we are concerned about the possibility that North Korea will use the opportunity to revive its offensive for signing a peace agreement with the United States.

A senior government official concerned on 23 April stated: The UN Forces Command notified us last week that it will replace Maj. Gen. Hwang Won-tak, senior delegate to the MAC, with a general-grade officer from the U.S. Army. We have not decided upon a response yet.

The official added: The reason put forth by the United States is that the United States wishes to reactivate the MAC by appointing a general-grade officer from the U.S. Army as senior delegate, thus creating a channel for military dialogue with North Korea. The MAC has been incapacitated by North Korean maneuvers.

The official further said: North Korea may use the appointment of the American general as senior delegate to the MAC as an opportunity to revive its offensive for signing a peace agreement with the United States. The United States must have made this decision in an attempt to achieve a breakthrough in the stalemated North Korean nuclear issue.

The official concluded: However, this decision represents a significant regression from the principle of resolving the issue between the parties concerned (North and South Korea), which the ROK and the United States have upheld in the face of the North Korean offensive for a peace agreement. The government will send its reply to the United States soon after formulating our final position, considering our practical interests and national sentiment.

The ROK and the United States agreed to appoint an ROK general as senior delegate to the MAC, a position filled by an American general since the armistice was signed, at the ROK-U.S. security consultative meeting held in November 1990. Maj. Gen. Hwang was appointed to the post in March 1991.

According to the Armistice Agreement, the appointment of a MAC senior delegate falls under the sole responsibility of the commander of the UN Forces.

UNC Spokesman Denies Report

SK2404022395 Seoul YONHAP in English 0214 GMT 24 Apr 95

[FBIS Transcribed Text] Seoul, April 24 (YONHAP)—The United Nations Command (UNC) did not confirm a report in a vernacular daily claiming that the U.S. Government has notified South Korea of a possible leadership change in the Military Armistice Commission (MAC) from a Korean general to an American.

UNC Spokesman James Coles called the report, published in the Monday [24 April] edition of the KYONGHYANG SINMUN, "pure horsefeathers."

However, Coles pointed out that military leaders periodically rotate, and if such a move were to happen, it would be a routine change of positions.

As for the timing of the report, in regard to the recent deadlock in U.S.-North Korea talks over the implementation of the framework agreement signed in Geneva last October, the spokesman was unable to comment, saying, "We do not have anything out on that report."

The South Korean Defense Ministry also failed to confirm the report, but claimed that the ministry was consulting with the UNC on the issue. The ministry spokesman added that no one side could make a final decision without the consent of the other party.

The North Koreans have been disgruntled with the Military Armistice Agreement since the leadership changed hands from an American to a Korean, Gen. Hwang Won-tak, in March 1991. Since then, the North has lashed out against the Neutral Nations Supervisory Commission (NNSC), which supervises the accord.

In 1993, the former Czechoslovakian delegation to the Neutral Nations Supervisory Commission (NNSC) was forced to withdraw from the North, as well as the Polish delegation last February. China recalled its delegation from the MAC, apparently at North Korea's advice.

Hardline in Government Over DPRK Analyzed

SK2304081695 Seoul SEOUL SINMUN in Korean 23 Apr 95 p 3

[Article by reporter Yi To-un: "Emergence of hard-line atmosphere in the ROK Government"]

[FBIS Translated Text] What does the Geneva agreement mean to us? Is it the best way to solve the North Korean nuclear problem? Some people in the ROK Government in charge of the North Korean nuclear problem cautiously but seriously ask these questions.

The nuclear crisis on the Korean peninsula was heightened when North Korea declared in the spring of 1993 that it would withdraw from the nuclear Non-Proliferation Treaty. The Geneva North Korea-U.S. agreed framework was what North Korea and the United States came up with as a solution to this nuclear crisis after three rounds of negotiations. After the Geneva agreement was signed on 21 October, the ROK and U.S. Governments acted as if the North Korean nuclear problem had been clearly solved. The nuclear danger, with North Korea threatening to resume its nuclear development program, still persists, six months after the agreement was signed. This seems to have created a hard-line atmosphere in the government.

U.S. Republican congressmen have recently assessed the results of the Geneva agreement during the six months since it was signed. As favorable results, the U.S. congressmen say it has frozen the North Korean nuclear development program and made it possible for the International Atomic Energy Agency to conduct more thorough nuclear inspections. As an adverse effect, they mention that North Korea has bought time to develop nuclear weapons because of delayed nuclear inspections and that if North Korea continues to use the nuclear card even after receiving light-water reactors, there will be no countermeasure against it.

Assessments at home are no different. However, after officially putting them aside, the ROK Government is continuously trying to solve the North Korean nuclear problem based on the Geneva agreement and have some expectations from U.S.-proposed talks between Gallucci and Kang Sok-chu.

However, "hard-liners pessimistic about the Geneva agreement" have a different view. They add a few important complaints to the U.S.-made report card on the Geneva agreement. First of all, they perceive that the Geneva agreement was what the United States, which had been caught up in North Korea's "tactics of brinkmanship," produced after getting concessions from the ROK. Also, under the Geneva agreement, it will be impossible to prove whether North Korea pursued nuclear weapons development or not. They point out, most of all, that the ROK, the party concerned with the North Korean nuclear problem, has been excluded from negotiations with North Korea.

Na Ung-pae, deputy prime minister and minister of the National Unification Board, pointed out these facts at a meeting on 21 April, adding: "The Geneva agreement formula must be broken, because under the Geneva agreement, all we can do is merely follow the United States' lead." The remarks by Deputy Prime Minister Na hint that "hard-liners" in the government are not simply hiding under the water.

People generally believe that the government's diplomacy and security team, which was substantially reshuffled toward the end of last year, is closer to the "hard-liners" than to the "moderate team," which helped produce the Geneva agreement. Therefore, there are many pertinent officials who are pessimistic about the North Korea-U.S. talks between Gallucci and Kang Sok-chu, the parties to the Geneva agreement.

A government official said: "ROK-model light-water reactors and the ROK's lead role are principles we cannot abandon. They are, at the same time, proposals that North Korea cannot accept." He went on to say: "The course of implementing the Geneva agreement is a process in which North and South Korea [as published] are stalling for time over irreconcilable principles."

The problem is: What alternative plan do these hard-liners have in place of the Geneva agreement? They firmly believe that the ROK must directly participate in the negotiations with North Korea and must not make further concessions to North Korea and the United States with regard to the nuclear problem. However, they failed to present ways to meet these conditions.

Korean Residents in U.S. Depart for DPRK

SK2104030395 Seoul YONHAP in English 0247 GMT 21 Apr 95

[FBIS Transcribed Text] Seoul, April 21 (YONHAP)—A group of 32 ethnic Koreans residing in the United States departed Kimpo International Airport for Beijing Friday morning where they will later depart for North Korea to see the Pyongyang Sports and Cultural Festival.

They came to Seoul Thursday evening from Los Angeles aboard an Asiana Airlines flight for an overnight stopover on their way to Beijing. They are scheduled to arrive in Pyongyang Saturday.

The group, consisted of home-visitors and Christians, will attend an Easter service to be held Sunday at the Pongsu Church in Pyongyang and attend the Pyongyang Sports and Cultural Festival scheduled to open next Friday.

The Korean residents living in the United States responded to newspaper advertisements about the Pyongyang festival published last February, and their North Korean tour was arranged by travel agents in Los Angeles, Chicago and Hawaii, it was learned.

North 'Frustrated' in Plan for 10,000 Tourists

SK2404115895 Seoul YONHAP in English 1044 GMT 24 Apr 95

[FBIS Transcribed Text] Seoul, April 24 (YONHAP)—North Korea is frustrated in its attempt to lure at least 10,000 foreign tourists for the mammoth international sports and cultural festival opening in Pyongyang Friday, officials here said.

Pyongyang initially planned to invite 30,000 foreign tourists for the festival but has revised downward the target to 10,000.

The foreign tourists who had committed themselves to visiting North Korea during the festival as of Monday number 3,767—306 from the United States, 20 from Canada, 160 from Britain, 41 from Australia, 40 from Thailand, 80 from Singapore, 2,400 from Japan, 20 from China, and 700 from Taiwan, according to an official.

The figure is compared with the 14,000 foreign travelers who visited Pyongyang during the World Youth Festival in 1989.

In a related development, some 3,000 Chinese people, including Korean-Chinese, will visit North Korea from Dandong City on the North Korean border by chartered trains from Tuesday to Friday, Dandong City officials told YONHAP by telephone Sunday.

Radio Pyongyang reported Monday 27 foreign wrestlers, including eight American athletes, would participate in the festival.

Direct North-South Commodity Exchanges Increase

SK2004132995 Seoul YONHAP in English 1101 GMT 20 Apr 95

[FBIS Transcribed Text] Seoul, April 20 (YONHAP)—Direct commodity exchanges between the two Koreas, which had been on a decline after they began in 1991, have been steadily increasing since the turn of last year.

A material released by the Research Institute of National Unification on Thursday said the two-way volume of direct commodity exchanges amounted to 14.35 million dollars in 1991, 8.3 million dollars in 1992, 3.4 million dollars in 1993 and 10.3 million dollars in 1994.

The direct exchanges accounted for 4.52 percent of all inter-Korean commodity exchanges last year, a substantial rise compared with 1993 when it stood at 1.73 percent.

In particular, shipment of South Korean commodities to North Korea in direct deal was none in 1993 but in 1994 it amounted to 3.39 million dollars or 13.3 percent of all the shipment of South Korean commodities to the North that year.

Trade Conflict With U.S. 'Likely' To Worsen

SK2204120395 Seoul KBS-1 Radio Network in Korean 1100 GMT 22 Apr 95

[FBIS Translated Text] In connection with the delay in clearing U.S. agricultural products through customs, the United States has given its final notification to the ROK of its decision to go through the speedy settlement procedures for filing a lawsuit with the World Trade Organization, as it originally planned, despite our government's position opposing it; thus, it is likely that the ROK-U.S. trade conflict will worsen.

A high-ranking Foreign Ministry official stated: The U.S. Trade Representative's Office gave us its final notification that it will postpone the opening of ROK-U.S. negotiations to resolve the trade conflict until 5 May, as requested by our government, but will inevitably proceed as planned with the speedy settlement procedures following the opening of the negotiations.

The official explained: In this case, our country will have to hold negotiations with the United States under seriously unfavorable conditions, compared with the normal settlement procedures that allow two months for negotiations following the opening of the negotiations between the two sides.

Accordingly, early next week, the government will again convey to the United States its position of opposing the speedy settlement procedures and will persuade the United States to go through the normal procedures at the ROK-U.S. working-level trade talks slated for 27 April.

Russia Agrees To Repay 450.7 Million Dollars

SK2204011995 Seoul YONHAP in English 0105 GMT 22 Apr 95

[FBIS Transcribed Text] Seoul, April 22 (YONHAP)—Russia has agreed to repay South Korea 450.7 million U.S. dollars in principal and overdue interest on loans of 1,470 million U.S. dollars the former Soviet Union borrowed from South Korea in 1991.

Under the agreement reached at a bilateral working-level meeting held here, April 6-21, Russia will make the repayment in kind—aluminum, steel, and other industrial materials, helicopters and some defense hardware—between next month and the end of 1998. The agreement will formally be signed by the two governments early next month, according to the Finance and Economy Ministry.

The amount includes 387.5 million U.S. dollars in principal and interest and 4.3 million U.S. dollars in overdue interest until through the end of 1993 and 58.9 million U.S. dollars in interest accrued between January 1994 and December 1998.

The repayment is scheduled for 171.5 million U.S. dollars (38 percent) in 1995, 166.6 million (37 percent) in 1996, 67.6 million (15 percent) in 1997 and 45 million U.S. dollars (10 percent) in 1998.

For the delay in delivery Russia will pay additional interest, a ministry official said.

The deliveries, comprising of aluminum, steel and other industrial materials worth 225.35 million U.S. dollars (50 percent), defense hardware worth 208.81 million (45 percent) and helicopters worth 22.54 million U.S. dollars (5 percent).

As the repayment agreement is basically limited to the principal and interest due until the end of 1993, the government must hold negotiations with the Russian Government every year concerning the reimbursement of the total loans of 1,470 million U.S. dollars, until the loans mature at the end of 1999, the official remarked.

Chong Tok-ku, the Finance and Economy Ministry official in charge of the loans made to Russia, said the agreement was favorable, noting the agreement of the Paris Club, the grouping of Russia's western creditor nations, allowing Moscow to repay only 20 percent of the overdue interest immediately and the remaining 80 percent over 10 years after a five-year grace period.

Tanks, Missiles Part of Repayment

SK2204032495 Seoul YONHAP in English 0214 GMT 22 Apr 95

[FBIS Transcribed Text] Seoul, April 22 (YONHAP)—South Korea has agreed to accept partial repayment of its loans to Russia in the form of T-80U tanks and other Russian-made military hardware, the Defense Ministry reported Friday.

The Russian equipment to be introduced through 1998 is valued at 200 million U.S. dollars, nearly half of the 387 million U.S. dollars due to be repaid in the first installment of the economic cooperation credits South Korea extended to the former Soviet Union, Russia's predecessor.

The military items used to repay South Korea besides T-80U tanks will include infantry battle vehicles "BMP-3," portable anti-tank missiles "Metis-M" and portable anti-aircraft missiles "Igla." An undisclosed amount of their parts and ammunition will also be included in the deal, a ministry official said.

"This equipment will be used as materials for the analysis of, and the development of counter-tactics against, the weapons system North Korea already possesses or is expected to have in the future," he said.

In addition, the official said, the Russian equipment could be put to operational use in an emergency.

Of the Russian equipment the T-80U tank is the Russian Army's most advanced high-tech tank which it began deployment at the turn of the 1990s, a kind which even North Korea has yet to obtain, he said.

Its main cannon is a 125mm and it is highly efficient in destroying enemy tanks. It also is able to launch laser-led guided missiles. The cannon is compared with M-1A1 U.S. Abram tank's which uses a 120mm main cannon and the South Korean Army's K-1 tank's with their 105mm cannons.

North Korea is producing "Chonma-ho" tanks with 115mm cannons, a model adapted from Russia's T-62 tanks.

BMP-3 infantry battle vehicles have a 100mm main cannon also able to launch laser-led guided missiles. The amphibious vehicle which is classified as a light tank is capable of carrying 10 troops in addition to its crew.

The North Korean army uses the BMP-2 model whose main cannon is no more than 30mm.

Igla, the anti-aircraft missile which means "needle" in Russian is designed to intercept low-flying enemy aircraft, the official said.

Qiao Shi Promises Support for Pusan Games Bid

SK2104064395 Seoul YONHAP in English 0621 GMT 21 Apr 95

[FBIS Transcribed Text] Pusan, April 21 (YONHAP)—Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress, promised Friday that China will support Pusan in its bid to host the Asian Games in the year 2002.

Qiao made the pledge at a breakfast meeting with Rep. Mun Chong-su of the ruling Democratic Liberal Party hosted at the Choson Beach Hotel here.

He also expressed his hopes for increased bilateral economic cooperation between China and South Korea saying, "I've been deeply impressed by South Korea's latest-type industrial facilities while touring the Hyundai shipbuilding yard and other firms in Ulsan."

Rep. Mun asked Qiao for China's cooperation in facilitating business activities in Shanghai of Pusan's small- and medium-sized enterprises. Pusan has established a sisterhood with Shanghai.

The meeting was also attended by such lawmakers hailing from Pusan as Reps. Ho Sam-su, Ho Chae-hong and Song Tu-ho and Secretary General Cao Zhi, Standing Committee of the Chinese National People's Congress and Chinese Vice Foreign Minister Tang Jiaxuan, who are accompanying Qiao.

British Official Announces ROK Ties Campaign

SK2104064195 Seoul YONHAP in English 0617 GMT 21 Apr 95

[FBIS Transcribed Text] Seoul, April 21 (YONHAP)—Visiting British Trade Minister, Richard Needham, announced Friday the launching of a three-year campaign to promote British-Korean relations.

Speaking to reporters at the Hilton Hotel in downtown Seoul, Needham gave details on "Partnership Korea," the publicity campaign responsible for expanding cultural, political and social ties between the two countries.

The promotion will push for academic exchanges, British teachers in Korea, increased funding for science and technology cooperation, a boost in Britain's share of the Korean market and joint ventures into third countries.

Currently, there are 5,000 Korean students studying in England, of which 1,500 are long-term students. The minister compared that figure to the 35,000 Korean students attending colleges and universities in the United States.

Needham claimed that the high cost to attend British universities is not the source of poor Korean attendance, but instead attributed the problem to the lack of publicity on Britain's part.

"I asked the British Council for the fees that were charged to Korean students. To my surprise, I discovered that the fees at British universities are halfway between the top and bottom rate of American universities. It is not a question of cost," the minister explained.

The annual fees are approximately 5,000 pounds for tutorials and an additional 5,000 pounds for living expenses.

"It is much more a question that British universities have not targeted Korean students as a potential source," he added.

Needham gave the example of Taiwanese exchange students in Britain who as of five years ago had only numbered 500. After promoting British universities to the prospective students, there are currently 10,000 Taiwanese studying in Britain.

"The way in which we teach our children to learn allows them to experience a much broader, lateral concept of thinking than is usually taught in the East. It is a globalized way of thinking," the minister explained, "perhaps not quite as Confucian."

There is a 2.25 million U.S. dollar British Government program for scholarships, and 1.5 million U.S. dollars will be used to fund science and technology students. Britain will also send educators to Korea in 1997 to teach English to primary school children.

The minister also elaborated on business plans to expand into the Korean market from the current 2.5 percent to 4 percent by the year 2005, and efforts for joint ventures into East and South Asian, and African countries.

The United Kingdom also wants to attract greater inward investment from Korea: In respect to the European Union, Korea invests 27 percent in the United Kingdom and they wish to elevate that rate to 50 percent.

The minister hailed Samsung Europe's move to relocate their headquarters to Britain from Germany, and the Daewoo's announcement yesterday to set up a research and design facility in Northern Ireland.

Needham also detailed another aspect of "Partnership Korea," for the British to supply Korea with electronic and electrically automated components to reduce their reliance on Japanese distributors. Around 350 British companies already provide Japanese companies with these supplies in Europe and Asia.

"Partnership Korea" will be implemented under Frazer Ellis, chairman of the Korea Trade Advisory Group, and British Ambassasdor Thomas Harris.

The British trade minister will meet with his counterpart Yi Kye-chol, assistant communications minister for planning and management, later this afternoon to sign a telecommunications cooperation agreement which was discussed during President Kim Yong-sam's visit to London in March. Needham will depart for Hong Kong Saturday.

DP, New People's Party Formally Announce Merger

SK2104055795 Seoul YONHAP in English 0527 GMT 21 Apr 95

[FBIS Transcribed Text] Seoul, April 21 (YONHAP)—The major opposition Democratic Party (DP) and the splinter New People's Party (NPP) formally declared their party-to-party merger Friday.

The parties' political merger was announced by DP President Yi Ki-taek and NPP Chairman Kim Pok-tong at a joint news conference held at the VIP Restaurant in the National Assembly building.

"We declare the merger in our common effort to achieve a change of government based on East-West reconciliation and national unification," they said in a prepared announcement.

They said they will make strenuous efforts to keep the incumbent government's "arbitrary" administration of state affairs in check and to realize an "election revolution" by winning the June 27 local polls and next year's parliamentary election.

Prior to the declaration, both parties adopted a four-point agreement under which they will merge into one party on a "party-to-party" basis; the party's name will be the "Democratic Party"; a 30-member organization will be tasked with the procedural affairs establishing the merger consisting of 15 representatives from each party; and the first meeting of the body will be convened next Monday.

DP Spokesman Pak Chi-won told reporters that the new party will also seek an alliance with another minor party, the United Liberal Democrats, in an effort to achieve a combined victory in the forthcoming local elections in June.

However, a controversy is likely to arise in the merged party over their respective share of power in the new leadership organization.

Some lawmakers of the NPP, including Rep. Pak Chan-chong, are almost sure not to join the merged party to engage in political activities of their own.

The present number of National Assembly seats held by the DP are 99, while the NPP's number 12.

Observers predict that four to five NPP legislators are likely to desert the party to act independently or join other parties.

Rep. Pak Chan-chong has already declared his independent running in the mayoral election of Seoul and made it clear that he will not join the new party.

Other NPP lawmakers such as Kang Pu-cha and Hyon Kyong-cha said they will remain independent lawmakers.

Reps. Cho Il-hyon and Mun Chang-mo have not yet made up their minds about whether to participate in the merged party.

Registration Conflict Blocks DP, NPP Merger

SK2404101795 Seoul YONHAP in English 0702 GMT 24 Apr 95

[FBIS Transcribed Text] Seoul, April 24 (YONHAP)—The projected merger between the main opposition Democratic Party (DP) and the splinter New People's Party (NPP) have virtually vanished due to conflicts concerning the registration of the new party's "legal representative" with the Central Election Management Commission (CEMC).

The DP has adhered to its position that present DP President Yi Ki-taek must be registered with the CEMC as the sole representative of the projected party, while the NPP has demanded that its President Kim Pok-tong be registered as co-representative.

Under the sharp confrontation concerning the leadership issue both parties held their own merger promotion committee meetings Monday and decided to act independently at the forthcoming local elections slated for June 27 after concluding that they could no longer conclude the merger.

Working-level negotiators from both parties are scheduled to contact each other Monday afternoon in an attempt to produce a compromise, but political sources did not foresee they would make any agreement.

In the president's and vice presidents' meeting Sunday, the DP endorsed the merger promotion committee's decision to resume negotiations for the merger after the local polls in June.

DP President Yi stood firm in his registration with the CEMC as the sole representative of the new party saying "we can hardly carry out the local elections under the co-representative leadership system as there are about 5,000 candidates to be nominated."

Yi maintained that "what we can do right now is apply spurs to the preparation for the local polls, although we are planning to continue behind-the-scene dialogues with the NPP."

The NPP's merger promotion committee, meanwhile, also decided to place the party under the "local elections footing" independently on the judgment that the merger with the DP will be extremely difficult.

After the meeting chaired by NPP President Kim the minor party claimed in a statement that the DP must assume all responsibilities if the merger's negotiations come to a rupture.

"The DP's insistence on postponing the merger after the local elections is a conspiracy breaking the NPP into pieces," the statement said.

Former Deputy Prime Minister Formally Joins DP

SK2204033295 Seoul YONHAP in English 0256 GMT 22 Apr 95

[FBIS Transcribed Text] Seoul, April 22 (YONHAP)—Former Deputy Prime Minister Cho Sun formally joined the opposition Democratic Party (DP) Saturday [22 April], paving the way for his Seoul mayoral candidacy on the DP ticket.

"If elected to the Seoul mayoralty, I will display an image of myself as being a responsible mayor, an honest mayor and a reasonable mayor on the strength of theories and administrative experiences that have enriched me," said Cho, an ex-economics professor.

Meeting with reporters on tendering his party membership application to DP president Yi Ki-taek at the party's Mapo office, Cho said he will develop Seoul into an international standard megalopolis comparable to Paris, Tokyo, New York and Washington.

He said that if elected he would execute his mayoral duties purely for the interests of Seoul's citizens without being swayed by any partisan influence.

Business Chairman Resigns To Pursue Politics

SK2104062595 Seoul YONHAP in English 0604 GMT 21 Apr 95

[FBIS Transcribed Text] Seoul, April 21 (YONHAP)—Ssangyong Group Chairman Kim Sok-won resigned as chairman of Ssangyong Friday and said he decided to break away from management of the group in order to put his heart and soul into political activities.

Kim, one of South Korea's leading business tycoons, held a press conference at the Ssangyong Group's main office building in Seoul and said his younger brother Sok-chun will assume the chairmanship of the group.

Kim was recently named the ruling Democratic Liberal Party's (DLP) chairman for the Talsong District chapter in North Kyongsang Province to replace Rep. Ku Cha-chun who moved from the DLP to the new party founded by former DLP Chairman Kim Chong-pil, the United Liberal Democrats.

Vice Ssangyong Chairman Kim Sok-chun will formally assume the chairmanship at an inaugural ceremony scheduled for next Tuesday, Ssangyong officials said.

Kim Sok-won said at the press conference that although he refused a proposal to become honorary chairman he can still advise management on important affairs like its automobile business.

"I will continue to exercise my right as the biggest shareholder, which is secured by commercial laws. But I will not return to take the chairmanship again," he said.

Kim is expected to begin full-fledged political activities with a rally to reorganize the Talsong District chapter on April 28.

Information Minister on Local Autonomy System

SK2104133995 Seoul YONHAP in English 1155 GMT 21 Apr 95

[FBIS Transcribed Text] Cheju, April 21 (YONHAP)—Information Minister O In-hwan said Friday the local autonomy system cannot be an end in itself but should be made an energy contributory to national development.

In a managing editors seminar sponsored by the Korean Newspaper Editors Association at Soguipo Kal Hotel, O said the implementation of the local autonomy system does not directly assure the country a brighter future.

"This is especially so because we are without rich experiences in the local system," he said.

Stressing that a local autonomous system armed with reformative spirits is the very direction the nation's local autonomy system should pursue, the information minister said there needs the logic that if the central government is an administration of "paper and pencil," then the local autonomy system can be described as an administration of "sweat and tears."

O also urged the press to play a more healthy role in the coming local elections, furnishing information helpful to the correct choice of candidates among voters and ensuring fairness in furnishing election-related information.

Kim Tae-chung Denies Plan To Return to Politics

SK2104133895 Seoul YONHAP in English 1227 GMT 21 Apr 95

[FBIS Transcribed Text] Chunchon, April 21 (YONHAP)—Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, said here Friday he has no plan whatsoever to get allied with Kim Chong-pil, head of the United Liberal Democrats.

"Some press reports about my alliance with Mr. Kim Chong-pil are totally unfounded," Kim said in a lecture at the graduate school of business administration, Hallym University here.

On the rumors that he would return to politics, Kim said there is no change in his sentiments from the time he retired from politics. "But, as a member of the Democratic Party, I will endeavor for the attainment of genuine democracy," he said.

Turning to the light-water reactors issue involving North Korea, the former opposition leader said the government should not too emphasize the favor to be done to North Korea in the light-water reactor project.

"As was the case with former West Germany, we should extend a helping hand to North Korea like an elder brother does to his younger brother from the standpoint of the same people," he said.

Kim said present inter-Korean relations are like driving an injured animal into a corner.

Advises Han Against Elections

SK2204033195 Seoul YONHAP in English 0244 GMT 22 Apr 95

[FBIS Transcribed Text] Seoul, April 22 (YONHAP)—Kim Tae-chung, chairman of the Peace Foundation for Asia-Pacific Regions, has reportedly persuaded Rep. Han Hwa-kap of the opposition Democratic Party (DP) not to compete for the DP's candidacy in the gubernatorial election of South Cholla Province.

DP spokesman Rep. Pak Chi-won said Saturday [22 April] that Kim made this recommendation to Rep. Han who had been reportedly competing with other party members to be on the DP's ticket to run for the gubernatorial post in the local elections slated for June 27.

The spokesman added that the foundation chairman has already decided to admit professor Kim Song-hun of Chung-ang University to become the DP's candidate for the province's governor post.

"The chairman told Rep. Han not to compete for the candidacy and asked him to devote himself to politics in the central area rather than the provincial one," the spokesman said.

Auto Manufacturers Expanding Production Overseas

SK2404003295 Seoul THE KOREA TIMES in English 25 Apr 95 pp 8, 9

[By staff reporter Chae Hui-muk]

[FBIS Transcribed Text] Korean automakers have been expanding their production of vehicles overseas, by commissioning knockdown (KD) autos with local plants to assemble them and constructing plants in joint ventures under globalization strategies.

Hyundai Motor Co., Korea's largest automaker, has emphasized both KD plants and joint ventures to expand its overseas operation, Daewoo Motor has put priority on joint ventures and Kia Motors Corp. and Ssangyong Motor have leaned on KD plants.

The four automakers have been operating are planning to build [as published] more than 30 joint venture or KD plants mainly in developing nations in Asia, eastern Europe, Africa and Latin America.

Hyundai is operating five KD plants, one each in Botswana, Thailand, Egypt, Zimbabwe and the Philippines and plans to open another KD plant in Indonesia in July. Hyundai is also constructing three joint ventures in Turkey, Malaysia and Pakistan for completion in January, April and July next year, respectively.

If the plants are operated, Hyundai will produce a total of 130,000 vehicles, mainly passenger cars, of which 60,000 cars will be KD assembled ones brought there from its plants here. This year, the company plans to produce 36,500 cars in six KD plants overseas.

Yi Yong-hun, director for public relations and information of Hyundai Motor, said that his company will continue to expand its overseas operation to avoid growing protectionism in its exports to foreign countries.

"We will emphasize developing countries as they have a great potential of demand. We can save on costs and sell more small-sized cars there," he said.

A front-runner of KD car exports, Kia plans to export 69,900 compact cars in KD form to eight countries this year, compared to 46,000 units last year.

Starting its export of KD cars to Taiwan and the Philippines in 1989, for the first time, Kia has contracted with six companies in six countries to export cars in KD form for them to assemble the cars. The countries are Taiwan, the Philippines, Venezuela, Iran, Pakistan and Vietnam.

This year, Kia has started exporting its subcompact cars to Indonesia and Germany as a part of its globalization plan.

A Kia official said that his company earned $6.5 million in royalties, exporting a total of 152,941 cars, let alone the cost of KD cars.

No So-ho, director for public relations of Kia, said there are many merits to KD exports.

"We are able to easily get KD plants under the strong support of importing nation's governments. Another merit is that we can continue to produce aged models there and thus increase factory running ratio here to supply KD cars there. Royalties are another source of income," No explained.

Daewoo Motor, a relative late comer in the Korean auto industry, has been aggressive in muscling out to produce cars overseas to keep abreast with foreign carmakers as well as compatriot manufacturers.

Daewoo is constructing or planning to construct 11 joint ventures in eight countries. The countries are Uzbekistan, Iran, the Philippines, China, Vietnam, Romania, India and the Czech Republic.

Kim Chong-to, general manager of Daewoo's public relations department, said that his company is also seeking to construct car assembly plants in Russia, Peru, two eastern European nations and Pakistan to speed up globalization of its auto industry.

It has set an export goal of 17,350 cars in KD form this year—3,700 to Iran, 1,000 to Indonesia, 4,400 to India, 2,000 to the Philippines, 6,000 to Romania and 250 to Vietnam, which will be assembled at plants there.

Daewoo is constructing a joint venture plant in Tashkent, capital of Uzbekistan, to produce 200,000 subcompact cars at a cost of $630 million in an even ratio. It will start producing cars next year, Kim said.

The company plans to complete the construction of a plant capable of producing 50,000 cars a year in Iran by the end of this year. Daewoo has invested 34 percent of the total $600 million and its Iranian partner, Kerman Automotive Industries Co., the remainder.

People Indicted for Bridge Collapse Released

SK2004133095 Seoul YONHAP in English 1133 GMT 20 Apr 95

[FBIS Transcribed Text] Seoul, April 20 (YONHAP)—The 17 municipal and Dong Ah Construction Co. officials on trial for their part in the collapse of the Songsu Bridge in Seoul last October, were set free Thursday in court verdicts ranging from probation to not guilty.

The Seoul District Criminal Court, handing down the verdicts, said that given the status and duties of the accused, they had no obligations to check or otherwise confirm the accuracy of structures of the bridge.

Saying that the bridge collapse was the result of the combination of a mistake in maintenance and defective designs and construction work, the court said the accused were partly responsible for the collapse but not in a position to assume final responsibility.

The freed persons included Yi Kyu-tae, a technical vice president of Dong Ah; Kim Sok-ki, a Seoul municipal construction supervisor; and Yi Sin-yong, Seoul city road bureau director.

Cambodia

Khmer Rouge Call on U.S. To Change Policy

BK2204144595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 21 Apr 95

[Unattributed commentary: "The Trips by McCain to Hanoi and Phnom Penh Confirm the U.S. Policy of Relying on Communist Vietnam in Cambodia so That it Gets a Share of Cambodia's Flesh and Kills the Cambodian Nation and People"]

[FBIS Translated Text] Everyone is aware of the real situation in Cambodia, in which communist Vietnam continues to be in full control from top to bottom and monoplizes in a fascist manner every sector: civilian, military, police, economic, and financial, etc. Everyone knows and realizes that the two-headed government with Hun Sen, Chea Sim, Ranariddh, and Sar Kheng as ringleaders is just an empty shell covering up Vietnam's administration. The communist Vietnamese and the alliance set up the two-headed government to dupe others into thinking that there is a state in Cambodia called the Kingdom of Cambodia with a government and an assembly, and so on. This is one aspect.

Another aspect is this. Since the United States and the alliance do not have any forces in Cambodia, they try to get into Cambodia through communist Vietnam, communist Vietnam's puppets, and the two-headed government to get a share of Cambodia's flesh and blood and to kill the Cambodian nation, people, and race through a military and demographic war.

The truth is that despite their efforts to rely on communist Vietnam, the United States and the alliance has not got any meat because communist Vietnam has given them only the left-over bones. Still, the United States and the alliance are continuing their policy of relying on communist Vietnam. The United States has successively dispatched personnel to Hanoi to meet with the great Vietnamese murderers, the masters of the traitorous two-headed government. Winston Lord, U.S. assistant secretary of state, went to Hanoi, as did Macke, commander of the U.S. forces in the Pacific.

Before coming to Phnom Penh, U.S. Senator McCain also met with communist Vietnam's great war murderer Le Duc Anh to discuss various measures to continue fueling Vietnam's war in Cambodia and to oppose genuine national reconciliation and peace in Cambodia. McCain's trip to Hanoi and his hasty trip to Phnom Penh were made in a situation in which both masters and servants are being seriously defeated in Cambodia in the 17th dry season and in a situation in which the two-headed government is moving toward disintegration, politically, militarily, economically, financially, and so on.

In such a situation it has been observed that the United States should stop relying on communist Vietnam and should stop fueling the communist Vietnamese aggressors' war to kill the Cambodian nation, people, and race. Continuing the war means losses for the United States and the alliance and for the Cambodian nation and people, who want genuine national reconciliation and peace. It also means losses for regional peace, security, and stability. Only communist Vietnam and its strategy of a small, medium, and large Indochinese Federation benefits.

It has also been observed that the United States should have a conscience and clearly look at this new situation. It should learn to draw timely lessons and stop its great criminal and muddled policy in Cambodia. The United States and the alliance should know that no aggressor forces can win against the resolute will of the Cambodian nation and people, who are determined to fight to save their nation and safeguard their race.

Khmer Rouge Urge U.S. To Learn Lessons

BK2204144995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 21 Apr 95

[Unattributed commentary: "Communist Vietnam Monopolizes Everything, Just as During the Communist Vietnamese Regime of 1979-1991; the Western Alliance Has Achieved Only Marginal Results"]

[FBIS Translated Text] Increasing numbers of Western countries, particularly circles dealing with strategic research, are expressing increasing anguish, shame, and despair over the fact that the alliance has lost the wrestling match with communist Vietnam. The Western alliance has spent a lot, money and efforts. It has in particular gathered the Para [former Cambodian non-communist forces] forces, puppets of the United States, and mixed them with communist Vietnam, so that it can get into Cambodia to get a share of the flesh and blood of the Cambodian nation and people.

The Western alliance has tried to win politically, economically, militarily, and in the civilian sector and all other sectors. However, so far the Western alliance has failed to get through. It has only reached the fringe. Communist Vietnam still monopolizes everything. Ranariddh and some FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] members have got positions in the executive, legislative, and civilian administration in Phnom Penh and in the provinces. This is just a cover and a smokescreen.

The entire administration is completely in communist Vietnam's hands. Ranariddh acts in a cochairing position, but Ranariddh is 100 percent under Hun Sen's dictatorship. Ranariddh acts as a clown here and there only on the orders of puppet Hun Sen, communist Vietnam's puppet and henchman. U.S. puppets and other Westerners in this or that sector are also within communist Vietnam's iron cage. The Assembly is simply a theatrical play and a stage for communist Vietnam. The two-headed government is the actor; behind the scene everything is directed by communist Vietnam. The economy and finance are all in communist Vietnam's hands.

The two-headed government's signing of a casino contract and the selling by others of Kompong Som, some islands, and forests to Western companies is also on communist Vietnam's order. Communist Vietnam has ordered this to persuade some people to cover over the fact that communist Vietnam is gnawing at Cambodia. The U.S.-French-Australian alliance is also trying to get into the military and police sectors. However, their forces are good-for-nothing; They consist of border bandits and robbers dealing with cattle and antiques, such as Tea Chamrat, Nhoek Bunchhai, Khan Savoeun. These people know nothing. They are all gangsters, just like communist Vietnam's puppets.

The Western alliance has dispatched military missions, military personnel, and experts in various fields to the extent of setting up armed units to seize control of the military and the police. The alliance has provided money to buy people and to have them at its service. However, communist Vietnam's puppets have embezzled all this money. Tanks and artillery pieces were given to the Army. Whose army? Is it not the Army of communist Vietnam? The U.S. puppets have no force; all the forces are in communist Vietnam's hands. The commanders are all communist Vietnam's men who had studied in Vietnam and in the former Soviet Union; they are all cadres of the Vietnamese Communist Party.

In sum, communist Vietnam and communist Vietnam's puppets monopolize everything. The Western alliance and its servants are only on the fringes. Here are the reasons:

1. Communist Vietnam has been organizing its forces since 1979. At the time of the Paris agreement at the end of 1991 and up to the UNTAC [UN Transitional Authority in Cambodia] election and the two-headed government, communist Vietnam has remained firmly in control and has maintained all its forces.

2. The Western alliance does not have forces. The Para, set up by the United States, are very weak. They are weak because they are servants and lackeys and gangsters and work against the interest of the nation and the people.

U.S. stooges all over the world are weak like that. In the 1950's in South Vietnam, U.S. stooges lasted only for short while and then evaporated. It was the same in Laos. In other places, it was the same. All these old and new history lessons from inside and outside the country should not be forgotten or buried away. Old, dangerous paths should not be followed.

Moreover, McNamara, former U.S. defense secretary from 1962 to 1968 under Presidents Kennedy and Johnson, recently talked about the history of the U.S.' great failure.

Government Accused of Muzzling Press

BK2304145195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 23 Apr 95

[Unattributed commentary: "The Full Rights and Freedoms of Newspapers Are Indispensable in Protecting the Interests of the Nation and People"]

[FBIS Translated Text] It is necessary for countries around the world to have four independent powers to guarantee their people full democratic rights and freedoms in their political, moral, and material lives. These are the executive, legislative, and judicial powers as well as the power of the press. Together, these powers form the general administration of a country.

What is the two-headed government's position on these principles? Everything depends on communist Vietnam and its lackey puppets, who enjoy a total monopoly from Phnom Penh to the villages. Whatever serves communist Vietnam's policy of wolfing down and swallowing Cambodia is carried out by communist Vietnam itself. Whatever consolidates its lackey puppets is allowed to be implemented while anything different from communist Vietnam's policy or affecting its lackey puppets is opposed, suppressed, and wiped out.

Communist Vietnam acted jointly with UNTAC [UN Transitional Authority in Cambodia] and the alliance, which paid court to it. They suppressed and destroyed whatever was against communist Vietnam. This is why the U.S.-backed forces that came from the refugee camps to take a chance with communist Vietnam have been completely dissolved, both politically and organizationally. This is why the alliance has only been seen peeking and walking around outside the fence of the communist Vietnamese puppets. Sometimes communist Vietnam has even set its dogs loose to bite the alliance's head. Communist Vietnam has resolved not to allow the alliance to touch the organizational networks of its administration.

As for the newspapers in Phnom Penh, they do not have the right or the freedom to write or publish anything, let alone act as the fourth estate. Any newspaper that serves communist Vietnam's policy of wolfing down and swallowing Cambodia, destroying national reconciliation, and twisting and polluting the national soul is allowed to publish. As for newspapers that write to protect the interests of the nation and people; oppose communist Vietnam's policy of wolfing down and swallowing Cambodia; and oppose the dictatorial, monopolistic, and most corrupt communist Vietnamese puppets, they are immediately muzzled, threatened, terrorized, killed, or arrested.

They are most fascist and cruel. Communist Vietnam does not know what democratic rights and freedoms are. It only knows the law of the jungle.

The Cambodian nation and people have led miserable lives for over 16 years in the iron claws of communist

Vietnam and its most fascist and barbarous lackeys. If the people do not have the right or freedom to speak out to protect their land, rice fields, orchards, children, livelihood, and national resources, they will be no different from beasts. The people's freedom to speak out, express, write, and publish their views is indispensable to prevent those in power from resorting to oppression and to ensure social justice.

The Cambodian National Union Party [CNUP] has firmly grasped this issue and has staunchly stood by the entire Cambodian nation and people in the struggle against the violation of the people's rights and freedoms. The CNUP will keep fighting until these rights and freedoms are fully respected. The CNUP vows to respect fully the right and freedom of journalists to express, write, print, and publish their views. Only when newspapers have the full right and freedom to say what is right, what is corrupt, what is traitorous, and what is patriotic can the interests of the nation and people be protected. Only with this can national reconciliation and peace be achieved.

Hun Sen: Khmer Rouge No Longer Major Problem

BK2304094495 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 22 Apr 95

["Political commentary": "The Dark Future of the Khmer Rouge Group"]

[FBIS Translated Text] During a break in the National Assembly session on the morning of 19 April, asked by reporters why he has talked very little about the Khmer Rouge problem over the last few months, Samdech Hun Sen, second prime minister of the Kingdom of Cambodia, said he thought the Khmer Rouge were no longer the most important problem. What is important and should be talked about at this point is agricultural development, the banishment of poverty, and the reduction of poverty with a view to improving the people's living conditions. Samdech Hun Sen reaffirmed that the Khmer Rouge is not a major problem for 1998 [year as heard] because the Khmer Rouge are no longer a major problem that causes a constant headache. The samdech has instead used over 95 percent of his time to ponder socioeconomic development.

It is widely known that the Khmer Rouge have conducted a movement of armed political violence since the 1950's. The Khmer Rouge movement became bigger in 1970. It took advantage of the events of 1970 to exploit the struggle for national independence from foreign invasion to seize power and then kill the Cambodian people.

This movement became one of the parties to the 1991 Paris accord. Because it boycotted the elections, though, the Khmer Rouge is now completely out of the Paris accord. The group is therefore no longer a legitimate political or military organization as it was before the Paris accord. That being the case, although analysts in Cambodia cannot predict the date of the end or collapse of the Khmer Rouge, they all predict that the Khmer Rouge will not be able to survive as long as the Malayan Communist Party, the Thai Communist Party, or the rebel movement in the Philippines. This is also due to changes in international factors and events, the end of the Cold War, and the definite end of the ideological confrontation. There used to be two blocks in Southeast Asia, for instance, but now the two blocks are under one roof; that is, the Southeast Asian countries are all becoming ASEAN members. Therefore, no country will support the rebel opposition in any other country. Moreover, because Cambodia has already held elections and the world, like the Cambodian people, wants to sustain the legitimacy of its government, they cannot interfere in support of the Khmer Rouge, a group of secessionists.

Some observers say the question of whether or not the Khmer Rouge will collapse does not depend entirely on the Khmer Rouge or the military and security measures. The defeat of the Khmer Rouge depends on socioeconomic and rural development, the most powerful weapon for rooting out the Khmer Rouge and other government opponents.

Indonesia

Dailies Condemn Terrorism in Oklahoma City

BK2404083395

[FBIS Editorial Report] Three Indonesian-language dailies published in Jakarta on 22 April—KOMPAS, REPUBLIKA, and SUARA PEMBARUAN—carry editorials condemning the bombing of a government building in Oklahoma City on 19 April that killed over 50 people.

In an 800-word editorial on page 4 entitled "The Oklahoma Bombing Has Once Again Reminded the World of Threats of Terrorism," KOMPAS considers normal the wave of strong reaction across the United States over the bombing. The daily notes: "This is the worst terrorist incident in U.S. history. In 1927, a man blew up a school building killing 38 children and 7 adults." The daily reminds us that innocent civilians are always the victims of the acts of terrorism.

Continuing, KOMPAS says the FBI is now investigating the case, adding that it understands the speculation about a possible Middle East connection, as the 1993 World Trade Center bombing in New York, which killed six and wounded 1,000 others, is still fresh in the minds of the American people. The daily hails President Clinton for his "wisdom by advising the American people against jumping to any conclusion."

KOMPAS stresses: "Indeed, there is no need for people to link any party to terrorism. Terrorism became a fearful phenomenon in the modern world during the Cold War era and remains so in the post-Cold War era. The modern world practically passes the days with a series of news reports of small- or big-scale terrorist attacks. Anybody can become a victim in such a world, as illustrated in the aircraft bombing by terrorists."

The daily describes the acts of terrorism as cowardice because they endanger innocent civilians and praises world governments for refusing to compromise on terrorism. The daily recalls a French security unit which shot dead all the terrorists who commandeered an Air France airliner at the end of last year.

KOMPAS concludes: "As political and social problems become more complex, there will be more potential conflicts in urban and rural areas. In addition to governments, the public must be responsible for preventing and countering terrorism acts to ensure public order and peace."

In a 700-word editorial on page 2 entitled "Sorrow for the American People," REPUBLIKA notes that the Oklahoma City bombing has frightened the American people because the city is small and peaceful and the bombing has exposed the unreliability of the building's security system.

REPUBLIKA wonders who perpetrated that act of extreme brutality. The daily quotes President Clinton as merely saying that the bombing was committed by evil cowards and notes that some people linked the incident to obscure religious sects.

The daily, however, adds that some others have pinpointed a Muslim extremist group as the culprits. "Secretary of State Warren Christopher, for example, seems to be suspicious of the group. Steve Emmerson, who has been recognized as an 'expert on Islamic extremism' offered a similar view although his theory was different."

While admitting that the Oklahoma City bombing bore similarities to the 1993 World Trade Center incident in New York, the daily, however, reminds readers of the controversial trial in 1993 of bombing suspects due to the inconsistency of the charges leveled against them.

REPUBLIKA concludes: "We condemn those who committed the most brutal bombing because the act tarnished humanitarian principles. We hope the U.S. police will immediately arrest the hopeless persons who can no longer talk but know only violence. We would also like to urge everyone not to see the vengeance-motivated incident as an isolated event but to link it with others.

"Expressing our deepest condolences to all American people, we would like to say that the Oklahoma incident was the best moment for the United States to review all its policies in many parts of the world, including the Middle East, of course."

In an approximately 700-word editorial on page 2 entitled "If the Channels to Express Ideas Are Blocked," SUARA PEMBARUAN understands the American people's strong anger over the Oklahoma city bombing, which took place two years after the World Trade Center incident in New York in 1993, because the United States has now become the target of acts of terrorism. Unlike Britain, Italy, or Germany, the United States had not been a target for terrorism on its soil before 1993. Only U.S.interests abroad were targetted.

Continuing, the daily notes that the objectives of terrorism are to cause citizens to lose confidence in their government and to force it to change a particular policy.

Concluding, SUARA PEMBARUAN states: "We all agree that terrorism must be eradicated through cooperation among as many countries in the world as possible to ensure that the ideas of terrorism will not be 'sold' to any country. Terrorism could emerge because the channels to express ideas have been blocked. Terrorism will emerge when some parties feel that other groups are stronger or act unfairly and arbitrarily. Terrorism could emerge because of the existence of apathetic groups that are capable of organizing themselves to perpetrate acts of terrorism. Terrorism could grow in an unstable situation."

UN's Butrus-Ghali Makes Official Visit

Greeted at Merdeka Palace

BK2104154295 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 21 Apr 95

[FBIS Translated Text] President Suharto welcomed UN Secretary General Butrus Butrus-Ghali and his wife Leila Maria Butrus-Ghali with military honors at the Merdeka Palace this morning. After the official ceremony, the president introduced the UN secretary general and his wife to high-ranking Indonesian officials at the central room of the Merdeka Palace.

Speaking after taking the guests to the State Guesthouse, Minister and State Secretary Murdiono told reporters that the UN secretary general expressed his appreciation over Indonesia's role in and support for the current UN steps to achieve world peace.

[Begin Murdiono recording in progress] ...Butrus Butrus-Ghali said that it has become Indonesia's responsibility because the preamble of our constitution states that Indonesia should play an active role in efforts to achieve world order based on eternal peace, independence, and social justice. The UN secretary general has invited the president to visit the United Nations Headquarters and address the UN General Assembly session as part of activities to commemorate the 50th anniversary of the United Nations this year. The UN secretary general attached importance to the 50th anniversary of the United Nations because the United Nations is trying to present a new image primarily in response to new global developments after the end of the Cold War. [end recording]

In reply to questions on possible topics for the official talks between President Suharto and the UN secretary general tomorrow, Minister and State Secretary Murdiono said that the issue of Bosnia-Herzegovina would be a topic of their discussions.

Holds Talks With Suharto

BK2204141795 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 22 Apr 95

[FBIS Translated Text] The United Nations has asked Indonesia, as chairman of the Nonaligned Movement, to approach the big countries and explain the financial crisis facing the world body. Minister-State Secretary Murdiono disclosed this to reporters when asked about the outcome of private talks between President Suharto and UN Secretary General Butrus Butrus-Ghali at Jakarta's Merdeka Palace today. During the talks, the UN secretary general also called on the Indonesian Government to find a comprehensive solution to the East Timor issue. Murdiono said the UN secretary general also recognized Indonesia's role in assisting UN peacekeeping mission.

Kuwaiti Prime Minister Departs for Home

BK2204153895 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 22 Apr 95

[FBIS Translated Text] Shaykh Sa'd al-'Abdallah al-Salim al-Sabah, Kuwaiti heir apparent and prime minister, left Bali for home along with his entourage this afternoon at the end of a six-day visit to Indonesia.

In fact, the Kuwaiti guests extended their visit by another day to enjoy the natural beauty of Bali. Bali Governor Ida Bagus Oka said the Kuwaiti guests had a chance to see the activities of Balinese artists in Ubud. Businessman Probosutejo, who was present during the sending off ceremony, said the Kuwaiti prime minister is interested in investing in Indonesia, especially in the oil business, where Kuwaiti expertise is well known.

Syrian Foreign Minister Arrives in Bandung

JN2304194395 Damascus Syrian Arab Television Network in Arabic 1730 GMT 23 Apr 95

[FBIS Translated Text] [Syrian] Foreign Minister Faruq al-Shar' has arrived in Bandung from Japan following a two-day visit to Tokyo.

In Bandung, al-Shar' will participate in the ceremony marking the 40th anniversary of the Bandung Afro-Asian Conference, which will be held tomorrow morning, Monday, in the presence of Indonesian President Suharto, UN Secretary General Butrus Ghali, the UN General Assembly president, and a large number of foreign ministers of the nonaligned states.

Al-Shar' will also take part in the meetings of the Coordinating Bureau of the Nonaligned Movement [NAM] which will begin in Bandung on Tuesday morning in order to prepare for the NAM summit which will be held in the city of Cartagena, Colombia. The bureau will also discuss a number of important international issues such as the Middle East situation, the Nuclear Nonproliferation Treaty, the distribution of Security Council membership, and other international issues.

East Timor Assembly Issues Policy Statement

BK2104154095 Jakarta ANTARA in Indonesian 2103 GMT 20 Apr 95

[Passages in italics in English]

[FBIS Translated Text] Dili, 20 Apr (ANTARA)—In a special session on Thursday, the East Timor Provincial House of Representatives firmly rejected the UN secretary general's initiatives on inviting pro-integration local community leaders because it was against the commitment to an "*all inclusive intra- East Timorese dialogue.*"

According to the first point of a policy statement, which was read out by Mrs. Maria L.V.C. Quintao, the East Timor Provincial House of representatives fully supports the speeches made by East Timor Provincial House Speaker Antonio Freitas Parada and East Timor Governor Abilio Jose Osorio Soares before the European Parliament in Strasbourg (France) some time ago. The two East Timor leaders rejected having a referendum because they deemed it illogical to have one.

"The integration of East Timor into the unitary Republic of Indonesia was consistent with the wishes of the majority of the people in the territory embodied in the 1976 "Balibo Declaration," the statement firmly said.

In the second point of the statement, the local House of Representatives rejects Portugal's legal suit on behalf of the East Timor people against Australia over the "*Timor Gap Treaty*" at the International Court of Justice.

The East Timor Provincial House of Representatives considers Portugal irreponsible because it abandoned the East Timor people, who were becoming victims of a civil war, before the territory integrated with the unitary Republic of Indonesia 19 years ago.

"On behalf of the local people, the East Timor Provincial House of Representatives demands that Portugal pay reparations for the violation of human rights during 450 years of its colonial rule, which led to poverty, sufferings, and backwardness in the territory," the statement said.

The third point of the statement dismisses a Portuguese Government statement issued by Foreign Minister Dr. Joao Barroso that Portugal had no self-interest in East Timor and would not even want a bottle of oil if oil reserves were discovered in the territory.

The Portuguese statement was conveyed by the Portuguese foreign minister to the East Timor people represented by Roving Ambassador Fransisco Lopez da Cruz, Mrs. Maria L.V.C. Quintao (deputy speaker of the East Timor Provincial House of Representatives), and Fransisco Xavier Amaral (former president of the Fretilin

[Revolutionary Front for an Independent East Timor]) in Luxemburg in October 1994.

Hence, the East Timor Provincial House of Representatives demands that the Portuguese Government no longer question the integration of East Timor into the unitary Republic of Indonesia.

According to the fourth point of the statement, the selection of pro-integration East Timor community leaders for the dialogue should be left entirely to the local people.

The policy statement was signed by Speaker Antonio Freitas Parada; deputy speakers Sunartono, Mrs. Maria L.V.C. Quintao, and Samuel Alex Petruz; and the respective chairmen of local house factions—Fransisco Dos Santos Rebeiro (Functional Group), Gabriel da Costa (Indonesian Democratic Party), John L. Sinjak (United Development Party), and A.S. Reniban (Armed Forces of the Republic of Indonesia).

Justice Official: East Timorese 'Free To Travel'

BK2204121795 Jakarta KOMPAS in Indonesian 21 Apr 95 p 9

[FBIS Translated Excerpt] Denpasar, KOMPAS—Drs [academic title] Suhadi, head of the Bali Justice Department regional office, says there is no special restriction for East Timorese people who want to travel overseas, including to Australia, via Denpasar. If there were such a restriction, he is worried that the country might be accused of violating human rights. "Legally speaking, all East Timorese people are free to travel to any country because they are also Indonesian nationals. They are entitled to equal treatment," Suhadi told reporters in Denpasar Thursday (20 April).

The authorities need only pay a little attention to the passport applicants by asking them their purpose for traveling overseas. "In short, there will be no restriction for East Timorese to travel overseas," he said. Asked about Ngurah Rai Airport's immigration check on the number of East Timorese leaving overseas via Denpasar, Suhadi was unable to give a detailed reply, saying: "Hopefully, we will get the results tomorrow."

As was reported earlier, the Australian Consulate in Bali was cited as one place where about 700 East Timorese had applied for visas. Most of them have left for Australia since October-November last year. "However, I do not believe the number is that high. The figures look high because the passports are issued by the same office in Bali," he said. [passage omitted on Australian immigration office's new requirements for East Timorese]

Philippines

'No Fighting Chance' in War With PRC

BK2104135195 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0802 GMT 21 Apr 95

[FBIS Translated Text] A confidential military intelligence report has revealed that the Philippines has no fighting chance if it engages in a war with China. Based on the intelligence report, the country has only slightly more than 100,000 soldiers, compared to China's more than 3 million. China allegedly has plenty of sophisticated materiel, while Manila has none, such as nuclear weapons, tanks, destroyers, huge warships, and amphibious missile craft.

According to a military source, the Philippines would be wiped out if nuclear warfare occurred between the two countries.

It will be recalled that the modernization of the Armed Forces of the Philippines only began recently and the source of funds for the modernization remains unclear.

Military Continued Reconnaisance in Spratlys

BK2404083795 Hong Kong AFP in English 0818 GMT 24 Apr 95

[FBIS Transcribed Text] Manila, April 24 (AFP)—The Philippine military is continuing to send aircraft and ships on reconnaissance missions to the Spratly islands, Defense Secretary Renato De Villa said here Monday [24 April].

De Villa also said they continue to see Chinese vessels in the vicinity of Mischief Reef, a reef in the Spratlys claimed by the Philippines where Chinese forces have built a structure, arousing Manila's anger.

The discovery last February, that China had built a structure and dispatched naval vessels to Mischief Reef, has strained bilateral relations.

In an apparent reaction, the Philippines seized four Chinese fishing boats in the Spratlys and jailed their 62 Chinese crewmen. The fishermen have been detained on charges of illegal entry and illegal fishing despite calls from the Chinese embassy for their release.

De Villa said he could not tell if the Chinese vessels last seen in the Spratlys were the same naval vessels seen there earlier this year.

However, he brushed aside a "worst-case scenario" of a low-intensity conflict breaking out in the Spratlys due to the conflicting claims.

"We have enough time, we have the opportunity on all sides, to avoid such a situation," he said.

The Spratlys are wholly or partially claimed by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam.

Security Council Meets on Current Issues

Abu Sayyaf, Spratlys Discussed

BK2104104995 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0802 GMT 21 Apr 95

[FBIS Translated Text] It is hoped that vital action pertaining to the country's security will soon be formulated after leading government officials concluded in Malacanang the sixth National Security Council meeting.

Among the topics discussed during the meeting were the Abu Sayyaf attack on Ipil Town in Zamboanga del Sur and the looming tension in the Spratly Islands.

President Fidel Ramos ordered an extensive probe of the movements of forces fighting the government, including the monitoring of China's movements in the disputed Spratly Islands. Also discussed in the meeting was the issue of the steps necessary to give protection to Filipino overseas contract workers.

Those who attended the meeting were Vice President Joseph Estrada, former President Corazon Aquino, and heads and representatives of government agencies concerned with the issues discussed.

Antiterrorism Measures Considered

BK2104134995 Quezon City ABC-DWET Television in Tagalog 1000 GMT 21 Apr 95

[Passages in italics in English]

[FBIS Translated Text] The National Security Council [NSC] met today. Here is a full report from Antonio Velasquez.

[Begin recording] [Velasquez] Malacanang will try to tighten security measures against terrorism so that it will not hinder the peace talks with the Moro National Liberation Front [MNLF].

During the sixth meeting of the National Security Council this morning, Malacanang and Congress agreed to stiffer punishments for terrorists, whether they be Filipinos or foreigners.

[Senate President Edgardo Angara] *The possible passage of an anti-terrorism act that will restrict entry into the country, give the immigration head extra power to [pauses] ...regarding immigration and give the police more leeway in acting on foreign terrorists.*

[Velasquez] In the meantime, President Ramos ordered presidential peace adviser Manuel Yan to confirm with the Moro National Liberation Front the alleged participation of some of its members in terrorist activities committed by the Abu Sayyaf, such as the recent Ipil massacre in Zamboanga del Sur.

According to Executive Secretary Teofisto Guingona, MNLF Chairman Nur Misuari should state whether MNLF commanders are assisting the Abu Sayyaf.

[Guingona, in progress] *...and there be agreed terms between the government and MNLF. There should be no participation on their part in terroristic activities like Ipil.*

[Alexander Aguirre, Department of Interior and Local Government undersecretary] *According to the MNLF proper, minister, they are supposed to be long-time breakaways from the ministry.*

[Velasquez] The NSC agreed to the proposal of Aguirre to reinforce the military in Mindanao in defense against terrorist threats.

The government will create a national action committee that will be in charge of campaigns against terrorism. This should be done in view of reports that the Abu Sayyaf is receiving aid from seven foreign terrorist organizations. [end recording]

ASEAN Unity Urged To Counter Terrorism

LD2404030895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 23 Apr 95

[FBIS Translated Text] AFP [Armed Forces of the Philippines] Chief of Staff Arturo Enrile has called on leaders of the Association of Southeast Asian Nations to maintain smooth ties so as to avoid conflicts in the region. In his message at the conclusion of the ASEAN Defense Conference, he said every country in the ASEAN region should cooperate to effectively fight the spread of terrorism. General Enrile also said that it is very important to maintain open lines of communication in every country to achieve unity and counter the fear that terrorism brings.

Government To Set Up Antiterrorist Group

LD2404030795 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 23 Apr 95

[FBIS Translated Text] The government plans to establish an antiterrorist group to counter terrorism in the country. According to Local Government Undersecretary Alexander Aguirre, they will strengthen the National Action Committee on Antihijacking to form the committee on antiterrorism. Aguirre added that the PNP [Philippine National Police] and the AFP [Armed Froces of the Philippines] will combine forces to counter terrorism. Aguirre plan to increase the number of PNP and AFP personnel who will undergo specialized training and purchase modern weapons for use against terrorists.

Manila Restricts Entry of Arab Students

BK2104134895 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0802 GMT 21 Apr 95

[FBIS Translated Text] The government will restrict the entry of foreign students, particularly Arab students. This was the statement by Immigration Commissioner Leandro Verceles in connection with widespread international terrorism.

Verceles said the Bureau of Immigration will start reviewing the documents of foreign students from the Middle East in coordination with the Departments of Education, Foreign Affairs, and National Bureau of Investigation. Verceles stressed the need to deport aliens who have stayed beyond the limits permitted.

The Bureau of Immigration has formed an antiterrorist squad that will be assigned to Ninoy Aquino International Airport.

Arrest of 3 Abu Sayyaf Supporters Reported

BK2204090295 Hong Kong AFP in English 0745 GMT 22 Apr 95

[FBIS Transcribed Text] Cotabato, Philippines, April 22 (AFP)—An Islamic cleric and two policemen have been arrested for allegedly helping a Muslim fundamentalist terrorist group, police officials said Saturday.

The officials added that a crowd of about a hundred Muslim sympathizers had gathered outside the jail in the city of General Santos near here where the three were being held in a show of support for them.

General Santos City Jail Warden, Inspector Cornelio Jover, told AFP that that city imam, Sheik Mohammad Abedin, Inspector Emil Absari and Patrolman Abdul Manan Muksan—who are both Muslims—were arrested Friday.

Superintendent Renato Santos, General Santos City's police chief, earlier said in an interview aired by the Catholic church-owned DXCP radio station, that the three had been arrested for allegedly assisting the Abu Sayyaf, a Muslim fundamentalist terror group.

He did not elaborate on the kind of assistance that the three were allegedly providing the Abu Sayyaf or what proof they had of such assistance.

Jover however said that the warrant for their arrests had been issued for alleged arson only. He could not specify when the alleged crime occured.

Jover also confirmed radio reports that about a hundred Muslims had gathered outside the jail and were occasionally speaking to the three detainees and saying Muslim prayers in support of the three, but he said the crowd was peaceful.

He however admitted that he had requested additional men to protect the jail in General Santos City, located almost 1,000 kilometers (620 miles) south of Manila.

Fear of the Abu Sayyaf, who have mounted numerous attacks against Christians here, has been widespread in the southern Philippines, especially since their bloody raid on the town of Ipil on April 4 which left 66 people dead and the town's commercial center destroyed.

Government troops have been pursuing them since the attack, but many of the raiders have apparently escaped the government's dragnet.

The booming city of General Santos, which is 70-percent Christian and 30-percent Muslim, was earlier named as a possible target of the Abu Sayyaf and three bombings that occured in the city from 1993 to 1994 are believed to be the work of the fundamentalists.

Thailand

Exporters Said Hurt by 'Plunge' in Dollar

BK2204155295 Bangkok BUSINESS DAY in English 22-23 Apr 95 p 1

[Report by Witsut Phothong]

[FBIS Transcribed Text] Sanit Worapanya, director of the Export Promotion Department, said Thai exporters were adversely affected by the plunge in the US dollar.

Mr Sanit's views are contradictory to the reassurances given by the Bank of Thailand. However, it is not yet clear whether this will increase the sales of Thai goods in Japan.

The rising yen makes local goods less expensive to Japanese consumers. But most exporters stand to lose as their exports are sold in dollars.

The export volume in January increased by 33 percent over the same month last year. The Export Promotion Department had set a target of a 16.6 percent increase over the one trillion baht of total exports in 1994.

Mr Sanit disclosed that he had discussed the situation with the Director of the Board of Trade, Prayun Tharoengsi. Both of them were however unsure which sector was hardest hit.

The Board of Trade is scheduled to meet major Thai exporters on Thursday. Mr Sanit said that he had not received any complaints from Thai exporters as yet, though some have voiced their fears of a squeeze on profits to BUSINESS DAY.

Mr Sanit added that nobody had expected the crisis to last more than three to six months. But now, he said, it was likely to last longer. If the situation remained for a further six months, it was sure to have an impact on exporters, he said.

However, the actual effects of the strong yen will depend on the measures taken by the exporters to protect themselves against this currency risk.

The main task was to survive fierce competition in textiles and handicrafts from countries with cheaper labor.

Outcome of APEC Finance Meeting Criticized

BK2204120395 Bangkok THE NATION in English 21 Apr 95 p a4

[Article by Thanong Khanthong]

[FBIS Transcribed Text] The two-day meeting of the finance ministers of the 18-member Asia-Pacific Economic Cooperation [APEC] ended in Bali last week, with a half-hearted commitment to restore order to the international financial markets hard hit by the Mexican peso crisis and, more recently, by the free-fall of the dollar. A notable comment sprang out immediately after the meeting that these finance ministers, so diplomatic and cautious in their second encounter, were acting like foreign ministers.

Instead of debating frankly about the turmoils which have rocked the global financial markets, the APEC finance ministers displayed their diplomatic flair by delving largely into their boring prepared statements.

There were hardly any interactions or arguments during the meeting, the outcome of which was closely watched by the financial markets. The ministers left home empty-handed, save for a recognition that they could do little, if at all, to determine capital flows and the volatile exchange rate movements.

The only conclusion they reached, the same one as last year in Hawaii, was that all member countries should strive for fiscal and monetary policies to ensure macroeconomic stability and low-inflation growth. This is the safest bet against international shocks.

If the pace of the forum continues in this kind of fashion, it will certainly raise a question about its usefulness. What the finance ministers should avoid is turning this meeting into a platform where they only convene once a year to air their grievances before leaving home to face their own individual problems. It looks like a mind-your-own-business meeting.

The focus of the meeting was on the two global players—U.S. Treasury Secretary Robert Rubin and Japanese Finance Minister Masayoshi Takemura. Takemura came to Bali with a tremendous pressure due to the sharp appreciation of the yen which is undermining Japan's economic recovery and driving it into bankruptcy. On April 10, the yen surged to a World War II record high against the dollar at Y80.15.

Sensing the alarm, the Japanese Government pushed out an economic package aimed at calming market jitters. The centerpiece of this package was a cut of the discount rate by 0.75 percentage point to a historical low 1 percent. But this was not enough to tame the psychological turmoils.

Although the crack in the greenback is not healthy to the U.S. in the long run, Rubin did not feel the same kind of pressure. He was enjoying an edge over Takemura. Some believe that the U.S. intentionally lets the dollar fall to force Japan into trade concessions, which will result in rectifying the huge trade imbalance. So it came as no surprise that Rubin was wary of any suggestions, through coordinations or joint efforts, to avert the dollar-yen crisis.

Takemura would like to see more coordinations in the exchange rate policy. He asserted that the yen appreciation came at the hands of the currency speculators rather than by Japan's economic fundamentals. This, he added, required a concerted action to deal with market speculation. Takemura's suggestion fell on deaf's ears.

Other ministers, including Thai Finance Minister Tharin Nimmanhemin agreed that the capital flows and exchange rate movements were subjects over which governments have little control. "It is often difficult for authorities to determine in advance whether capital inflows are driven by short-term speculative motives or by longer-term intentions," they said. "However, policies governing the macroeconomics environment play an important role in encouraging longer-term investor commitment."

Taiwan and South Korea are the two APEC members that have a better hand than others in controlling capital inflows. Both maintain a "selective policy" in allowing foreign investors to participate in their capital market. Long-term maturity and tax measures have been put in place as a mechanism to control the capital inflows.

Taiwan, in particular, can be more selective in attracting capital inflows because it is a capital surplus country. The U.S. argued that selective measures were not efficient since they might bring about undesirable side effects. The rest, however, agreed that capital market development, harmonization of regulations and cooperation among the regulators would lead to more stability in this front.

Tharin listened interestingly to Taiwan's policy. Nobody knew whether he liked it or not. But capital inflow is the biggest policy challenge Tharin is facing. Without adequate domestic savings to finance the economic growth, Thailand has to depend, almost as a hostage, to foreign capital. This shows in its huge current account deficit, which is equivalent to 6-7 percent of the gross domestic product.

If Thailand resorts to tax measures to stem the capital outflow, it might discourage the foreign capital from entering the country. Driven by greed and fears, foreign fund managers like to channel their money in and out of a country as fast as they can. What they fear most is a situation by which they cannot get out of a country as quickly as they want to in times when there is panic.

When it came to the subject of the effect of exchange rate movements on trade and investment in the Asia-Pacific, Thailand and Hong Kong addressed the similar line of argument that the problem stemmed from economic fundamentals, referring particularly to the industrialized countries who have failed to adhere to sound economic policy.

Hong Kong, whose currency is pegged to the U.S. dollar, called for the U.S. to pursue a sound macroeconomic policy to avert further potential financial crisis. To which Rubin argued that sound macroeconomic policy was good but it must be accompanied by market access. He was harassing Japan, which the U.S. had been blaming was not doing extensively enough to open up its domestic markets. No real shots, only beans.

Nevertheless, the APEC finance ministers agreed to meet next year in Kyoto for the third time. Malaysia, which has been skeptical about the growing institutionalization of APEC all along, asked why it was necessary to meet again when there was little to talk about. But the pack moved on, so Malaysia would have to cast its vote of reluctant consensus.

Article Urges More Momentum for ARF

BK2204160395 Bangkok THE NATION in English 22 Apr 95 p A4

[Article by Thitinan Phongsuthirak, contributing editor: "East Asia Should Quicken the Pace of ARF"]

[FBIS Transcribed Text] East Asia's impressive economic growth rates occurring alongside growing uncertainties stemming from the demise of Cold War's bipolar structure have caused worries in the region and elsewhere, especially with the retreat of American forces from the Philippines.

To be sure, the US is still engaged in East Asia's security, maintaining crucial bilateral security pacts with South Korea and Japan. But their withdrawal from the Philippines was a major psychological blow to Southeast Asia, rendering American security commitment to the Southeast Asian region ever more unreliable.

America's pullout from Clark Air Base and Subic Naval Base in the Philippines effectively left a gaping hole in Southeast Asia. To be sure, the US still holds military training exercises with countries in the region, Thailand included. But nothing can replace a solid American military presence, especially when there is no security vehicle that could prevent and resolve regional conflicts.

Hence, the stable and secure future of the East Asian region, without which the region's famous economic development will ultimately be meaningless, rest squarely on the region's ability to build security structures to foster cooperation and pre-empt future conflicts.

This is precisely why East Asia should nurture and quicken the pace of development of the Asean Regional Forum [ARF], the region's embryonic regional security platform. The ARF has involved 18 participating countries, several of which come from outside the region, including the US, Canada, Australia, New Zealand and Russia (the latter as "guest").

Should the ARF become unworkable due to rifts between East Asian countries and the major powers from outside (due perhaps to human rights interpretations and divergent views over the concept of "comprehensive security"), East Asia (the Asean Six plus China, Japan and South Korea) should be prepared to proceed with its own version of regional security enhancement.

Although the momentum for the ARF has recently been generated by outside powers, East Asia should find it imperative to be able to take care of its own security arrangements in the near future, if necessary. Furthermore, there needs to be a leadership in the ARF, which was originated in 1990 at the initiative of the Asean-Institutes of Strategic and International Studies (Asean-Isis).

The forum is supposed to have Asean as its core. But at its first meeting in July 1994, the Asean members did not provide the leadership role to nudge the forum forward toward developing a concrete cooperative security regime. That leadership, interestingly, came from Australia, which produced a well-researched proposal full of recommendations for future ARF activities.

Leadership, moreover, will be necessary in order to mobilize sufficient political will to harness effective structures out of the ARF. The ARF should also, at this year's meeting, try to institutionalize itself. This could begin simply with a permanent secretariat and a budget drawn from member countries.

Moreover, the ARF should work toward implementing the various confidence-and security-building measures that have been proposed by the so-called "second-track," namely the Council for Security Cooperation in the Asia Pacific (CSCAP). These include transparency mechanisms, exchange of information and intelligence, establishment of an arms register, among others.

Apart from the dangerous gap between sustained economic growth and the absence of security arrangements, East Asia will need to deal with the diverging interests of its members. In the Asia-Pacific Economic Cooperation forum, these splitting differences are clear.

Australia and Singapore, along with the US, have been pushing the Asia-Pacific Economic Cooperation (Apec) forum toward a free trade area, while other members are more inclined to see the forum develop at a much slower pace, lest the developing countries are dominated by the larger economies.

Apec also has been a cultural battle-ground between Malaysia and Australia, as well as Malaysia and the US. The verbal war in November 1993 between Australian Prime Minister Paul Keating and Malaysia's Prime Minister Mahathir Mohamed is still fresh in the minds of many.

What's more, the intentions of Malaysia in Apec are far apart from, say, those of Singapore. If one gives currency to the crucial role of economic interdependence as a vital basis for security cooperation, as in the European case, it could well be that the future of Apec is in doubt as the interests of its members become increasingly split.

There will also be security implications from an expanded Asean. This July, Asean is expected to officially accept Vietnam as its seventh member. How would China react to a much larger Asean with regard to the Spratlys, for example?

The official statement on March 18, 1995 from the Asean Foreign Ministers' Meeting may have signified heightened Asean solidarity, but it also may well have irked Beijing. (The statement was a veiled reprimand of Chinese actions at the Mischief Reef, expressing concerns for stability in the South China Sea and urging peaceful resolution of conflict.)

With Vietnam as a new member of Asean, and given Vietnam's longstanding enmity with China, how will the other Asean members handle Chinese maneuverings in the South China Sea deemed legitimate by Beijing? These types of questions stemming from an enlarged Asean are further complicated by the looming succession crisis in Beijing.

Lastly, the East Asian region will be challenged by a divergent set of societal values and political systems. The recent tussle between the Philippines and Singapore over the hanging of a Filipino maid is only a microscopic representation of potential future disagreements.

There are stark cultural differences among the members of the region. Perhaps the countries of the region can be divided into three categories: liberal democratic, democratizing and authoritarian.

The first category would have the Australia, the Philippines (and the US) at the forefront, while democratizing countries would include Thailand, Taiwan, and South Korea. The third category would roughly include Singapore, Indonesia, and China.

These countries do the business of regional politics very differently based on their political structures and belief systems. And in the third category, there is always the danger of a succession crisis, with consequences for nearby neighbors.

The countries of East Asia would be well advised to try to reconcile this wide set of societal values and political systems before they exacerbate the tensions of the region's security landscape.

Chuan Sends Condolences to President Clinton

BK2104163395 Hong Kong AFP in English 1523 GMT 21 Apr 95

[FBIS Transcribed Excerpt] Bangkok, April 21 (AFP)—Thai Prime Minister Chuan Likphai expressed his country's condolences Friday to US President Bill Clinton for victims of the massive car bomb blast in Oklahoma.

In the letter Chuan said "it is with deep regret that I have learnt of the disastrous bombing in the middle of Oklahoma City which killed many innocent children and adults."

"The devastating loss of lives caused by this abominable act is deeply felt by the Thai people ... I wish to convey to you and ... the American people our heartfelt sympathy and condolences for this tragic incident." [passage on casualties update omitted]

Opening of Embassy in Tel Aviv Welcomed

BK2204144295 Bangkok BANGKOK POST in English 22 Apr 95 p 2

[FBIS Transcribed Text] Israel's ambassador to Thailand welcomed a Government decision to set up an embassy in Tel Aviv in a move he said would deepen bilateral ties.

Calling it the right decision, Ambassador Mordekhay Levy said it was another step forward in adding "quality" to Thai-Israeli relations when the two countries cooperate in various fields.

The plan to open the embassy will "certainly intensify the relations which... are changing in quantity in the past years. Now we also witness a change in quality," the envoy said in an interview with the BANGKOK POST.

The wider nature of relations was reflected in an increase in trade figures, tourists and Thai workers in Israel, he said.

The Thai-Israeli trade excluding services totalled US$350 million in which a $115 million difference favoured Israel last year. About 50,000 Israelis visited Thailand in 1994 while Thailand has 12,000 workers in Israel .

Thailand ranked fourth last year among Asian countries which imported goods from Israel following Japan, Hong Kong and India.

Thailand has not had an embassy in Israel since the establishment of diplomatic relations in 1957. The Foreign Ministry assigns its embassy in Italy to take care of Thai affairs in Israel.

"It is healthy for bilateral relations that they are on an equal footing which means each country has its own embassy in the other country," Mr Levy pointed out.

Cabinet on Tuesday approved the Foreign Ministry proposal to open the new embassy, reasoning it would oversee an increasing number of Thai workers in the country and would provide information on technology as Israel is exporting to Bangkok.

Israel needs 6,000 more Thai workers this year to replace Palestinians in farm work.

Mr Levy said he informed his government of the Thai decision on Wednesday, adding the Thai embassy would help expand Thailand's role in a more efficient way.

It will definitely reduce the workload of the Thai embassy in Rome, he added.

The envoy said Israeli Foreign Minister Shim'on Peres would reschedule a visit to Thailand in the "foreseeable" future after he had to postpone the trip due to developments in the peace process in the Middle East.

Daily Says Muslims Face Discrimination in Burma

BK2304123095 Bangkok THE SUNDAY POST in English 23 Apr 95 p 18

[Report by Ralph Bachoe]

[FBIS Transcribed Text] Since March 2, 1962 when the Burmese army wrested power from a democratically elected civilian government of the Union of Burma it had the cherished ambition of eradicating Muslims and ethnic minorities of Burma and has been carrying out its plans slowly but systematically.

The Burmese Buddhist masses have never been prejudiced against Muslims, Christians, Hindus or any of the numerous ethnic minorities professing different faiths living in Burma. They are basically kind hearted and tolerant people and have always lived in harmony with their fellow citizens of different ethnic and religious backgrounds.

But since the 1962 coup, non-Buddhists, and Muslims in particular, have been persecuted for their faith in the form of business and racial discrimination whether they be of the sub-continent or of Burmese origin. This, according to Muslim and other sources in Burma, has been going on for the past 33 years under military dictatorship.

It doesn't mean people belonging to other faiths have been spared the wrath of the xenophobic military rulers who have continued to use the religious factor to divide and rule as was once practiced by their colonial masters, the British.

For instance, inside sources say, apart from Buddhist monasteries and pagodas, building of churches, mosques, Chinese temples and places of worship of other religions are banned in the satellite towns located outside Rangoon.

The country has seen Burmese Muslim and Burmese-Chinese riots instigated by the military to divert the attention of the populace from the true ills of the country caused by an inefficient military governance.

The latest is the breakup of the Karen National Union where religion was again exploited to the hilt to the benefit of the Slorc (the ruling State Law and Order Restoration Council).

Muslim sources claim to this day that they are still bearing the brunt of Slorc's discriminatory practices destroying their form of livelihood and making life unbearable in the country, all in the name of national interest and general welfare of the populace.

Recently Slorc issued notices to nearly 2,000 shopkeepers in Pabedan Township in the heart of Rangoon to wind up their businesses before the end of this month. They were reportedly ordered to move their shops to a township called Sawbwagyigon which is about 10 miles from Rangoon-proper.

Sawbwa Gyi Gone is located near the Mingaladon Airport where military personnel have been allotted plots of land at a token price. The newcomers could either purchase those plots of land at exorbitant prices or relocate to an undeveloped satellite township called Dagon. The area, also in the outskirts of Rangoon, lacks electricity and proper transport facilities.

Pabedan Township is the biggest trade centre in Rangoon. Seventy per cent of the people staying in Pabedan are Muslims and 80 per cent of business is owned by them.

This has always been a thorn in the side of the military junta, who despite their claim of now promoting private industry in the country, is still suspicious of non-Burman businessmen.

The reason given by the Slorc for the relocation of the predominantly Muslim business community is that the area is an eyesore to tourists. The country is busy preparing to spruce up the appearance of Rangoon in time for the 1996 "Visit Myanmar Year".

The Muslim community claims otherwise. They say tourism is being used as a smoke screen to persecute Muslim businessmen.

Pabedan Township stretches from China Street (now Shwedagon Pagoda Street) to Sule Pagoda Road. It has always been a wholesale and retail business centre with shops selling hardware machineries, tools and implements, construction materials such as cement, roofing sheets, pipe and fittings, glass and aluminum frames.

There are also a good number of small printing presses that churn out letterheads, visiting cards, brochures and receipt books for businessmen in the area and the city.

However, not all of the Muslim businessmen have been ordered out of Pabedan Township. Sources say these are the people who have managed to bribe the Yangon [Rangoon] City Development Corporation in the form of a donation to various development projects. Some, though, have refused to play believing it to be a temporary respite before the whole community is evicted from their present location.

The sources cited the case of Ohsu Ward in Tamwe Township, Rangoon Division, as an example of how a middle-class Muslim community was given the short end of the stick when the Slorc confiscated prime business locations and land at the beginning of last year.

About 80 per cent of the 3,000 families residing there were Muslims, mostly petty traders, hawkers, skilled workers like electricians, plumbers, carpenters, masons and white collar employees of the private sector.

Tamwe Township is about three miles from the city. It has good transport facilities, and because of the expansion of Rangoon it has now become the junction between Thuwanna, Okkalapa, Mingala Taungnyunt and Bahan townships where its residents could commute easily and quickly to any part of Rangoon.

The concentration of Muslims in one area, or any other group of people for that matter, has always worried the paranoid military regime for obvious security reasons of their own.

And this little community at Ohsu Ward was no exception. Their land was nationalised and all its residents ejected to far off satellite towns where there are no proper facilities like transport, schools for their children, hospitals or electricity.

The sources cited the case of what happened after the Slorc confiscated 13 acres of prime land from a prominent Muslim family in Rangoon. They say that not only the land was taken from the family, the heirs apparent were also arrested. They were later released after being threatened with imprisonment should they lay claim to the property.

The confiscated land was later handed to a firm called Asian Express, of which it is believed Slorc members, or people with close connections with the military, have a stake interest in. Four years ago two other Muslim-dominated business centres were removed. One was Kyettan, a scrap-iron market, in Pazundaung township in the east of Rangoon. The market was well known as a source for obtaining scrap iron and parts for most machinery, including those for marine engines and electric generators.

Most Muslim traders who own more than 80 per cent of about 1,000 shops at the busy and prosperous trading centre lived in nearby lower Pazundaung which is walking distance from their shops. Thus deprived of a place to trade these Muslim businessmen, which comprised of 75 per cent of the lower Pazundaung population, were forced to disperse to other areas to earn a living.

Another well known and bustling market called Than Zay which deals specifically in automobile and other machinery spare parts, also suffered the same fate. The market was near the Myenigon Mosque in Myenigon township, and the majority of the traders were Muslims.

The Muslims were thrown out of the area and part of the land was given to children of high-ranking military officers who built Rangoon's biggest department store—the Yuzana. The remaining plots of land were distributed among building contractors upon condition they give free of charge a specific number of rooms after the building was constructed. These were then passed on to military officers and their families.

Most businessmen in Burma complain that while Slorc propagates privatisation of trade and industries such oppressive measures directed in particular at ethnic and religious minorities is common practice in that country.

They believe that no matter what the military government says about opening up the country to free trade, the stigma "economic insurgents" will always remain with the business community.

"Our advice to the foreign investors is: Be wary of Slorc's devious business practices. By any code of ethics is it justified to wipe out a group of business concerns to replace it with others, especially those which the military has a vested interest in?"

Like they are now drawing up a constitution to ensure perpetual rule of the country, it seems the junta is also determined to keep the major share of the nation's wealth in their hands.

Burmese Top List of Illegal Immigrants

BK2304090395 Bangkok THAILAND TIMES in English 23 Apr 95 p A3

[FBIS Transcribed Text] Phatthaya: Burmese nationals numbering around 500,000 top Thailand's list of illegal immigrants said a senior Interior Ministry official yesterday.

Damri Watthanasing, Deputy Permanent Secretary to the Interior Ministry, revealed that the total number of illegal immigrants in Thailand is about 600,000 wherein more than 400,000 of which are Burmese, and about 100,000 are Chinese. The rest are from South Asia numbering around 50,000 and Indochina, about 10,000.

Damri said that these illegal immigrants, especially Burmese nationals, who secretly make a living in the country, have committed many crimes in Thailand.

As a measure to solve this problem, the Interior minister has ordered the commissioner of the Immigration Police Office to arrest all such illegal immigrants in Bangkok and the provinces.

Damri further said that there is a need to restructure and expand the network of the Immigration Police Office in order to cope with the increasing number of arrested persons. This includes the expansion of detention places as well as assistance from the Corrections Department.

Detention sites of former refugee camps which are now empty should be allowed to be used for detaining illegal immigrants, Damri added. He said that these places will be used to house arrested illegal immigrants waiting expatriation while their cases are being processed in the courts.

Krasae Downplays Cambodian Border Situation

BK2204141995 Bangkok BANGKOK POST in English 22 Apr 95 p 6

[FBIS Transcribed Text] Sa Kaeo—Foreign Minister Krasae Chanawong yesterday downplayed the situation on the Thai-Cambodian border and expressed confidence that local authorities could handle it.

Dr Krasae visited the border district of Aranyaprathet and crossed over to Cambodia at Poipet.

Despite being briefed by military officers that the situation along the border was tense, Dr Krasae told reporters in Poipet that the situation was normal and that local authorities on both sides of the border could handle it.

Maj-Gen Niphon Pharunnitya, commander of the Burapha Task Force, told the minister in Aranyaprathet that the worsening situation was due to reinforcements of Cambodian government forces trying to capture Khmer Rouge-controlled areas.

The commander said fighting between the two sides had affected people living along the border but ensured Dr

Krasae, who made a two-hour inspection of the area, that his forces were able to maintain their safety and uphold law and order along the border.

The minister said he will urge the Cambodian government to guarantee the interests of Thai businesses in talks with his counterpart, Ing Huot, at the first Thai-Cambodian Joint Commission meeting from May 5-7 in Phnom Penh.

Dr Krasae said that Thailand welcomed the plan to upgrade the Khlong Luk-Poipet border crossing into a permanent checkpoint, adding that the move depended on the readiness of the Cambodian government.

Local traders and authorities were pushing for a permanent checkpoint as some 500 million baht worth of goods cross the border each month.

After returning to Bangkok the minister said he would support the setting up of a special economic zone in Sa Kaeo, but added that further studies needed to be carried out first.

The proposed zone would help the local people to become prosperous and enhance the potential of the border province, he said.

Dr Krasae met Sa Kaeo members of parliament and officials of the provincial trade council during his brief visit.

Meanwhile Poipet's police chief, Pol Col [Police Colonel] Hem Teng, supported the call for a permanent checkpoint, saying that Cambodia is waiting for a decision.

He said Phom Penh had been training 600 tourist policemen to guarantee the safety of tourists visiting the country.

Nonetheless, immigration authorities in Aranyaprathet have put up a warning sign advising tourists not to visit Poipet for safety reasons.

Police Note Terrorism Prevention Efforts

BK2204090095 Bangkok THAI RAT in Thai 22 Apr 95 p 22

[FBIS Translated Text] According to a THAI RAT reporter, two FBI officials called on Police Lieutenant General Wira Wisutthikun, Special Branch commander, at 1630 for about half an hour. The FBI officials asked the Thai Special Branch to be vigilant because terrorist groups usually do not set their targets in advance. They also offered to train Special Branch officers in terrorism prevention and suppression in the United States.

Regarding the report that the bomb used in Oklahoma was the same type as one previously found in Thailand, Wira said he could not confirm this, noting that he has to wait until U.S. investigators conclude their work first. He said he has instructed Police Major General Phat Chaksurak, commander of the Second Division of the Special Branch, to coordinate with the Metropolitan Police in increasing security for foreign embassies that could become targets of terrorism, particularly the U.S. Embassy and embassies of the Middle East countries, as well as senior officials and foreign businessmen.

Meanwhile, Police Lieutenant General Rungrot Yamakakun, commander of the Central Investigation Bureau, said that his office has set up a unit to gather information on terrorism as a way of enhancing its prevention.

Border Security, Khmer Rouge Issue Discussed

95P30084B

[FBIS Editorial Report] The 10-18 March Bangkok weekly ATHIT in Thai published an article containing comments made by senior Royal Thai Army [RTA] officers on the Cambodian border situation. The article reported that Suranaree Task Force Commander Major General Sanan Maroengsit and Infantry Regiment Task Force 16 Commander Colonel Phirasak Ritthiwong had discussed the ramifications of the late February killings of Thai paramilitary forces by Cambodian Government [RCG] troops at Phra Phralai Pass, Khun Han District, Sisaket Province. The article mentioned a news report citing the Cambodian charge that Thai troops are resupplying Khmer Rouge [KR] forces 1.5 km inside Cambodian territory every 15 days.

RTA Spokesman Colonel Phalangkun Klahan reportedly termed the Cambodian accusation "baseless," adding that the reporters "must have some interest they are protecting" with the Cambodian Government, which makes them "treat the RTA unfairly, and they always willfully sully" the RTA's reputation.

According to ATHIT, Phirasak initially called the RCG troops' attack "a misunderstanding" in that Thai forces usually resupply their own troops by truck once every six days. He added that "the RCG forces took a shortcut across Thai territory in order to hit the last KR stronghold at Ban Phra Phralai coincidentally" with the Thai resupply effort. Phirasak termed it "difficult" for the Cambodians to claim a misunderstanding because both the Thai uniforms and the truck bearing the RTA insignia would have made it possible to distinguish them from the KR.

Assistant RTA Commander Chettha Thanacharo noted that both the RCG and the KR "have an interest" in the Phra Phralai area. "If the RCG troops take a shortcut into Thai territory when on suppression operations against the KR, then they can attack and disperse them."

An RTA source told ATHIT that in January the Thais protested an RCG artillery attack against a KR stronghold when shells fell "only meters away from an area called Talat [Market] Phra." The Phra Phralai Pass area in Cambodian territory is a Khmer Rouge stronghold and border violations occur easily, according to the source. "The RCG has just begun attacking and seizing these Khmer Rouge bases. When this happens, the KR disperse and hide along the border. If the RCG really wants to smash them, violations of the Thai border could occur when the RCG pursues them for strategic interests," the source commented, adding that when the KR hide, "the Cambodians get suspicious that the KR is getting support from somebody."

ATHIT noted that the RCG has asked for Suranaree Task Force cooperation "to permit inspection of the problem area to clearly resolve the suspicions." The RCG has also sought Thai help in wiping out the KR, the magazine stated. However, these requests are denied because the area in question is a "military zone" and that the RTA does not wish to get involved "in Cambodian internal matters."

Chettha pointed out that resolution of disputes with Cambodia is the responsibility of the Thai Foreign Ministry, not the RTA. "The MFA should make their policy more strict and aggressive so if we get unjustly accused like this, there will be a clear response," Chettha remarked.

Regarding charges that the Thai company Ruang Amnat, organized during General Suchinda Kraprayun's administration, has continued trading with the KR, ATHIT reported that the RTA "constantly reaffirms that the KR is getting no support. If they do get support, it is from individuals, traders, and businesses beyond our control," according to an unnamed source.

'Intruders' Threaten To Attack Refugee Camp

BK2404065295 Bangkok BANGKOK POST in English 24 Apr 95 p 1

[FBIS Transcribed Text] About 400 foreign troops claiming to be members of the Democratic Karen Buddhist Army (DKBA) yesterday crossed the border into Thailand and threatened to attack a Karen refugee camp within five days if the refugees do not return to Burma.

Informed military sources told the Bangkok Post yesterday the heavily-armed intruders also warned a Thai paramilitary ranger unit posted to guard the refugee camp to move further inland or face attack.

The brazen incursion by a large number of the pro-Rangoon renegade Karen Buddhists took place yesterday morning in Tha Song Yang District of Tak Province.

The DKBA troopers who came from captured Karen National Union (KNU) bases at Nawta, Kawdae and Htee Kler Ki waded across the Moei River which separates Thailand from Burma and landed at Ban Mae Po and Ban Mae Lo.

The renegade Karens quickly set up road blocks on the Tha Song Yang-Mae Sariang highway leading to Ban Mae Po, Ban Mae Lo and Ban Mae Woei.

According to the sources the intruders took three Karens and six Thais of Karen-origin hostage and seized a pick-up truck heading towards the three villages.

The leader of the intruders announced that they wanted KNU Forestry Minister Phado Aung San who has been taking refuge with about 1,500 Karen refugees at Ban Mae Woei refugee camp to return to Burma and to cooperate with the State Law and Order Restoration Council (SLORC) regime.

The minister and the refugees were given five days to decide, failing which their camp would be attacked, said the sources, adding that the renegade Karens also threatened Maj. [Major] Phuwadon Kamsom, commander of a ranger company, to pull his 30 troopers away from the refugee camp otherwise they, too, would come under attack.

Reports of Shi'ite Training in South Denied

BK2104032495 Bangkok THE NATION in English 21 Apr 95 p A3

[FBIS Transcribed Text] Supreme Commander Gen. Watthanachai Wutthisiri yesterday denied reports in the South that Shi'ite Muslims are undertaking military training there.

However, sources in the area, including a provincial Islamic chief, indicated that some form of light military training was taking place.

"The training is religious, and it would be ill-advised for us to intervene if there is nothing touching on (national security)," Gen. Watthanachai said at a news conference. "As far as I know there is no military training, only religious training."

Watthanachai said he receives regular reports from the commander of the Fourth Army Region and has learned that the situation in the South is stable following the disruption of traffic by billowing smoke from deliberately set tyre fires. The southern commander dismissed the fires as "ordinary trouble-making of no importance".

A Shi'ite school officially opened on Tuesday amid reports that its summer course involved military training, an allegation denied by many Muslim officials. Phatthalung's governor doubts the accuracy of the allegation.

This year will be the third that the southern province of Phatthalung has been the site for the summer Islamic training courses, while the courses have been held in other provinces five times, provincial Islamic chief Haji Hanud Tuk Rahni said. He said the participants, numbering about 300, came from seven southern provinces—Satun, Songkhla, Narathiwat, Pattani, Trang, Yala and Phatthalung.

The trainees were separated into two groups: the four-to eight-year-olds and the nine-to 17-year-olds, he said.

Phatthalung has been a site for military training for Muslims since 1993 and the training took place deep in the Banthat Mountain Range, a former hideout of the now deactivated communists, Haji Hanud said.

Other sources said trainees will use sticks in place of firearms for the military training, which is to be carried out in remote areas on April 20-22. The training organizers told local police the training is meant as physical training.

Kong-ra District police superintendent, Lt. Col. Suwit Nuniam, in a news conference on Wednesday, confirmed reports of Muslim military training. He said police had summoned Muslim leaders for details and they simply denied the reports, saying the training was only physical.

Suwit also said the police were putting the courses under close supervision and would make immediate arrests of anyone suspected of organizing illegal military training.

"Any military training, in the absence of witnessing authorities, subjects the organizers and the participants to prosecution under the law," he said.

Phatthalung Governor Prasit Thanphisut said on Wednesday he did not know about nor did he believe there would be any Muslim military training in the province. He said he had sent officials to observe the training.

The governor also said he had ordered officials to take precautions to prevent recurrences of the recent incident where tyres were set ablaze on roads in the South.

Navy's Submarine Purchasing Plan Suspended

BK2304093895 Bangkok THE SUNDAY POST in English 23 Apr 95 p 1

[FBIS Transcribed Text] The Defense Ministry has suspended the Royal Thai Navy's plan to procure two medium-size diesel-powered attack-class submarines within the next fiscal year, according to Deputy Navy Commander Adm [Admiral] Winyan Santiwisat.

The navy had initially asked for a seven-year expenditure plan to purchase two submarines at an estimated cost of about 2,500-3,000 million baht annually or a total of about 17 billion baht.

But the seven-year expenditure plan for two submarines was said to break a Budget Bureau's regulation which requires any such plan not to exceed five years. Besides, the Budget Bureau said the figure of 17 billion baht was too high.

Vietnam

Vo Van Kiet Welcomes Senator Bond, Delegation

BK2204163795 Hanoi VNA in English 1414 GMT 22 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 22—Prime Minister Vo Van Kiet welcomed Senator Christopher S. Bond for positively contributing to lifting the US trade embargo against Vietnam and normalizing the Vietnam-US relations, and thanked the US Heart and Heart International humanitarian organization (HHI) for its medical gift to Vietnam.

The prime minister was talking while receiving here this afternoon Mr. Bond and a delegation of the HHI now on a visit to Vietnam to hand over 40 tonnes of medicines and healthcare equipment to the Vietnamese people.

The Vietnamese leader further said that the donation has manifested sentiments and mutual understanding between the people of Vietnam and the US, thus actively contributing to pushing up the full normalization of the bilateral relations. He noted that since the trade embargo against Vietnam has been lifted by the US Government, the bilateral relations have seen fine development, and said he hoped that Senator Bond in particular and other US senators in general would contribute more to early normalizing the Vietnam-US relations for the sake of the two peoples and for peace, stability and development in the world over.

Senator Bond, for his part, said that it is the cherished wish of the US people as well as many US senators to have the bilateral relations been fully normalized, and that US senators have made many positive activities to make the normalization nearer. He thanked the Vietnamese Government and people for their constant efforts to cooperate with the US side in searching US servicemen missing in action. He noted that this humanitarian work has contributed to taking the normalization of the Vietnam-US relations to a new step of development.

Ties With U.S. Developing in 'Positive Way'

BK2404130295 Hanoi Voice of Vietnam in English 1000 GMT 24 Apr 95

[Station commentary]

[FBIS Transcribed Text] The Vietnam-U.S. relations are developing in a positive way. Following the opening of liaison offices in respective capitals, high-level visits have taken place between Vietnam and America. These activities are helping the two sides further understand each other and speed up the process of normalization of relations.

Preparations are underway in Vietnam for the celebration of the 20th liberation day of South Vietnam and many American delegations are visiting Vietnam, including a delegation led by Senator John McCain and the National Security Commission delegation led by Chairman Floyd Spence. Both Senator John McCain and Chairman Spence called on the Clinton administration to quickly normalize relations with Vietnam. Other delegations such as the Senate delegation headed by Senator Christopher S. Bond, the Foreign Relations Department [as heard] of the House of Representatives, and war veterans are expected to come to Vietnam late this month.

The delegation Heart to Heart International led by Dr. Gary Morsch arrived in Hanoi on Sunday [23 April]. Together with other American humanitarian organizations, Heart to Heart International has raised millions of dollars to help Vietnam builds prosthetic centers, supply wheelchairs for war veterans and other handicapped people living in South Vietnam.

Answering a question put by a correspondent from the Army paper QUAN DOI NHAN DAN, Dr. Morsch said it was two years ago that his organization started to raise funds to help what they thought was necessary for the Vietnamese people. They spent thousands of hours asking hospitals, companies, and the American people to support the campaign. The campaign was well responded to by American people; 40 tonnes of medical supply have been sent to Vietnam. Dr. Morsch said the American people all wanted to forget the past and look forward to the future in order to heal the wound of war and to help each other. He said many other American organizations also want to help Vietnam. Here is the first aid consignment, but it would not be the last. The gift this time was from the American people to Vietnamese people—from heart to heart. He hoped it would be an additive to relations between the two countries.

Radio Essay Reviews Relations With U.S.

BK2204163995 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 21 Apr 95

[Essay by Editor Diep Anh]

[FBIS Translated Text] It can be said that 1995 is an important year in U.S.-Vietnamese relations. This has been manifested in the diplomatic, economic, trade, and investment relations between the two countries.

Since early this year, many activities aimed at promoting the process of normalization of relations have been undertaken. A significant event that raised the curtain for other activities was that both sides established their liaison offices in Hanoi and Washington, thus creating favorable conditions for the two governments to develop their relations and continue resolving those matters of mutual concern in conformity with the interests of the two peoples and of peace, stability, and development in the region. The opening of these liaison offices has also created conditions for U.S. firms and organizations to go to Vietnam to engage in barter trade or to do business in a more liberal fashion.

In reality, during the early months of the year, many activities have taken place in the field of trade cooperation between the two countries. Two major U.S. banks, namely, the Bank of America and City Bank, have opened their branch offices in Vietnam, thus opening up new prospects for better and more effective U.S.-Vietnamese trade relations.

To make Americans more aware of Vietnam and to help U.S. businessmen obtain necessary information prior to their entering Vietnam to do business, the U.S.-Vietnam Chamber of Commerce and Columbia University jointly held a press seminar in New York in early March. The seminar was called: Vietnam in 1995. This seminar was also attended by a large number of U.S. businessmen and senators by means of via-satellite television. All the delegates unanimously agreed that it is in the United States' immediate and long-term interests to develop its relations with Vietnam, especially in economic and regional cooperation. This will also create more favorable conditions for resolving the issue of Americans missing in action in the war.

To help Vietnam in a more practical fashion, a conference on the theme of investment in Vietnam's infrastructure in 1995 was held in four major U.S. cities from 8-16 March 1995. This was the first time that a large conference with this theme was held in which the participants discussed the requirements for developing the infrastructure in Vietnam, and the prospects for the participation of U.S. firms and for mobilizing capital from various organizations under the World Bank and from various U.S. private organizations and firms for projects in this field in Vietnam.

The latest event contributing to spurring the normalization of U.S.-Vietnamese relations was that the U.S.-Vietnamese Trade Alliance, a large group comprising 46 giant firms representing various U.S. trade sectors and U.S. trade associations, has supported the normalization of U.S.-Vietnamese relations to create favorable conditions for the operations in Vietnam of a privately-run overseas U.S. investment firm called OTIT, of the U.S. Export- Import Bank, and of a U.S. trade development firm called TDE. It has also called for permission to broaden negotiations over a bilateral trade agreement [with Vietnam] and for the granting of reciprocal most-favored nation status [to Vietnam].

In a statement on its operational plan, the U.S.-Vietnamese Trade Alliance, points out that Vietnam is a dynamic and important market for U.S. investment. Vietnam is rising as a country with an increasingly important political and economic role in Asia.

Along with many bustling economic and trade activities in these early months of the year, many diplomatic activities have also continued to develop with many visits by U.S. senators, and American Vietnam War veterans. It is the desire of the public to see the diplomatic relations between Vietnam and the United States continue to develop and to move toward an inevitable normalization of bilateral relations in conformity with the aspirations of the two peoples for closing the past and looking forward to a beautiful future—a future in which cooperation and development are materialized.

Le Mai Views Significance of Bandung Conference

BK2204133795 Hanoi VNA in English 0637 GMT 22 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 22.—The Bandung conference continues encouraging the struggle for a new equal and just world, said Deputy Foreign Ministr Le Mai.

In an interview to the national paper NHAN DAN on the 40th anniversary of the Asian African Summit Conference held in Bandung, Indonesia from April 18—24, 1995 with the participation of 24 Asian and African countries, Mr. Mai recalled that the conference had advocated ten basic political principles to promote world peace and cooperation.

The Bandung conference's great historical significance is that, it became a source of encouragement for all nations in their struggle for independence and freedom and that in the Bandung conference new independent countries had for the first time, introduced a common view-point on an equal and just world order, Deputy Minister Le Mai said.

He affirmed that despite fundamental changes in the world over the past four decades, the questions raised at the conference are still of hot current events.

'Obviously, the Bandung principles are still of original value. Therefore, Bandung will continue to help establish a new, fair world order as most of the people in the world have been expecting, Mr. Mai said. [quotation mark as received]

He made public that the non-aligned summit will be held in Colombia this year with the participation of more than 100 countries.

Do Muoi Meets With Businessmen, Departs Japan

BK2304155695 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 21 Apr 95

[FBIS Translated Excerpt] Dear friends: Today, 21 April, General Secretary Do Muoi visited the Japan-Vietnam Cultural Relations Association in Okayama. [passage omitted on visit to the cultural association and a vineyard in Okayama]

In Osaka, General Secretary Do Muoi met with Japanese businessmen from Osaka and the Kansai region. He attended a banquet organized in his honor by the Union of Kansai Business Organizations [KUBO], the Osaka Chamber of Commerce and Industry, the Osaka Industrial Association, and the Kansai Businessmen's Association.

In a speech at the banquet, the KUBO chairman said that businessmen in Osaka and Kansai were very pleased to welcome General Secretary Do Muoi's visit and held that this visit is a driving force for accelerating economic relations between Vietnam and southern Japan, with Osaka as a major economic center. He expressed the hope that Vietnam will quickly become a country with rapid economic growth thanks to the renovation undertaking formulated and led by the Communist Party of Vietnam.

In his reply, General Secretary Do Muoi expressed his pleasure at visiting the port city of Osaka and exchanging views with Japanese businessmen on issues of mutual concern. He expressed the hope that, on the basis of the current Vietnam-Japan relations, businessmen in Osaka and Kansai will make positive contributions to economic cooperation with Vietnam, especially by investing in capital, industry, and technology transfer in Vietnam. Comrade Do Muoi expressed the hope that Osaka and Kansai businessmen, serving as a bridge linking southern Japan with Vietnam, will quickly and vigorously expand their markets in Vietnam in the interest of both sides.

Dear friends, on the afternoon of 21 April, General Secretary Do Muoi visited Kansai International Airport. [passage omitted on description of airport]

At 1500, Comrade Do Muoi concluded his six-day visit with splendid success. A solemn sending-off ceremony was held for Comrade Do Muoi at Kansai International Airport. Before the plane left Japan, Comrade Do Muoi sent messages to Japanese Emperor Akihito and Prime Minister Murayama thanking them for the warm welcome and hospitality extended to him during his visit.

Dear friends, Comrade Do Muoi arrived at Noi Bai International Airport in Hanoi at 1835. At the airport, Comrade Do Muoi held a news conference with reporters. He answered reporters' questions on issues related to Vietnam-Japan and Vietnam-ROK relations. Comrade Do Muoi asserted that Vietnam and Japan agreed to continue reviewing the interest rates charged for Japanese loans to Vietnam. He told reporters that both Japan and the ROK have been able to develop their economies quickly because they have successfully developed their human resources, exploited their intelligence, and strengthened technological capability while building export-oriented industries.

Visit to ROK, Japan Reviewed

BK2304153295 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 22 Apr 95

[FBIS Translated Text] Dear friends: General Secretary Do Muoi has successfully concluded a trip to the Republic of Korea and Japan. On this occasion, a Voice of Vietnam and Vietnam Television correspondent interviewed Foreign Minister Nguyen Manh Cam on the concrete results of the visits. The following is Foreign Minister Nguyen Manh Cam's answer:

[Begin Nguyen Manh Cam recording] The visits yielded very concrete results. They enhanced the mutual understanding between high-ranking South Korean and Japanese officials and our Vietnamese leaders. They also contributed to promoting the friendship between the peoples of these two countries and our people. One of the purposes of the trip was to promote cooperation between our country and the ROK and Japan. The trip created practical conditions for bringing bilateral cooperation to a new stage of development and producing better results.

First, I want say that the meetings, exchanges of views, and talks between our leaders and the highest-ranking South Korean and Japanese officials as well as politicians, parliamentarians, and business people in the ROK and Japan helped form direct relationships and promote better understanding. Based on this additional information about our renovation undertaking, the prime minister of Japan, members of the Japanese Diet, other leading Japanese officials, the president of the ROK, and other leading South Korean officials stressed the need to promote cooperation with Vietnam.

Second, the aforementioned exchanges of views promoted mutual understanding. As a result, a document was signed under which the Japanese Government will grant a low interest loan of 58 billion yen for this fiscal year, equivalent to about $700 million. Furthermore, the Japanese agreed to grant $78 million in nonrefundable aid for this fiscal year. During the talks, the Japanese side increased the amount of nonrefundable aid by 3 billion yen, equivalent to more than $30 million, under a nonproject aid package. Thus, altogether, the total amount of nonrefundable aid is $110 million.

While in the ROK, we signed an agreement under which the ROK Government will grant a low interest loan of $50 million and provide nonrefundable aid of about $3 million for this fiscal year. If we take a period of three fiscal years into account, the volume of nonrefundable aid will reach more than $8 million. The aid package is designed to support rural development, education, public health, and so forth.

Third, let me cite an old saying: It is better to see something once than hear about it a hundred times. Only after these visits did we realize the great potential of these two countries. This led to agreements between our general secretary and ROK President Kim Yong-sam and Japanese Prime Minister Murayama to promote cooperation in all fields. As an immediate objective, steps will be taken to accelerate cooperation in those fields where the ROK and Japan display strong points and where we have needs resulting from the industrialization and modernization process. The first field covers steel. The second field covers machinery, including shipbuilding. The third field covers electronics, a strong point of both the ROK and Japan. The fourth field covers information and telecommunications, chemicals, and petrochemicals. Both the ROK and Japan are ready to build self-contained industrial zones in our country and attach special importance to the building of high-tech enterprises. The ROK and Japan also agreed to cooperate with us in personnel training. It must be said that in recent years the ROK and Japan have achieved very good education and training results.

In addition to economic cooperation, the ROK and Japan attached due importance to our needs. They want to create the conditions for a larger volume of our products to enter their markets to ensure a balanced exchange of goods. This will also stimulate our overall economic development.

There is one thing worth mentioning besides economic, trade, and scientific-technological issues. The ROK and Japan welcomed our renovation achievements and regarded Vietnam's ASEAN membership as a very important contribution to regional peace, stability, and development. At the same time, they welcomed our policy of settling differences among regional countries through peaceful negotiations.

I would like to add one more thing. Along with promoting economic, trade, and science-technology cooperation, the ROK and Japan wished to broaden relations with our country in many other domains. I believe this trend will lead to more profound understanding and lay the groundwork for longlasting relations. Therefore, I can say that the results of the trip go beyond our country, the ROK, and Japan; they are not limited to the interests of the three countries alone. [end recording]

Australian Officials Hail Bilateral Relations

BK2404055895 Hanoi Voice of Vietnam in English 1000 GMT 21 Apr 95

[Station commentary]

[FBIS Transcribed Text] Many Australian high-level delegations, including the delegation of the governor-general, Mr. Bill Hayden, visited Vietnam this month. Before leaving Hanoi on 19 April, Mr. Bill Hayden said he was very impressed by the rapid changes in Vietnam.

Senator Stephen Loosely, in a visit to Vietnam last week, also shared the impession. Senator Loosely, president of the Australian Commission for Coordination on External Relations, National Defense and Trade, last week headed a delegation in Vietnam. In talk with the Hanoi media, he said the short visit had made a very good impression on him, and his delegation had witnessed a changing Vietnam with many economic developments. More and more people were becoming interested in Vietnam—its culture, customs, and history. Australia would like to explore a new way so relations between Vietnam and Australia were more fruitful. Relating to relations between the two parliaments, Senator Loosely said a delegation of the Vietnamese National Assembly would visit Australia and believed that the exchange of parliamentary delegations of both countries would promote bilateral relationship.

Commenting on Vietnam's joining ASEAN in July, Mr. Loosely said Vietnam was playing a more active role in the region. That was a strong political achievement of Vietnam's, and Australia would follow with keen interest Vietnam's participation in the regional grouping and also believed that Vietnam would become a member of APEC [Asia-Pacific Economic Cooperation].

Hayden Ends Visit

BK2204122195 Hanoi VNA in English 0625 GMT 22 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 21.—Australia's Governor-General Bill Hayden and his wife left Ho Chi Minh City this morning, ending an official visit which began on April 18.

Before his departure, Bill Hayden and his entourage were received by Mayor of Ho Chi Minh City Truong Tan Sang who later hosted a dinner in honour of his guests.

The mayor told the Australian governor general that following the opening of Australia's commercial office in January 1990 and its consulate general in November last year in Ho Chi Minh City, the relations between the city and Australia have been seen a [word indistinct] of development.

Mr Bill Hayden, for his part, highly spoke of Ho Chi Minh City's potential for development which has attracted an increasing number of foreign investors and business persons. He also expressed his hope that the relations between Australia and Vietnam, including Ho Chi Minh City will strongly develop.

While in Ho Chi Minh City, Bill Hayden visited the Vinh Nghiem Buddhist pagoda, the Lam Son lacquer painting company, Australian Consulate-General and others. He also met with representatives of the Australian community in the city.

Radio Reviews Recent Ties With Britain

BK2204144695 Hanoi Voice of Vietnam in English 1000 GMT 20 Apr 95

[Unattributed report]

[FBIS Transcribed Text] Former British Prime Minister Edward Heath said he was very happy to come to Vietnam to witness the achievement of the Vietnamese people in the doi moi, or the renovation process. At the reception given to him in Hanoi on Wednesday by Prime Minister Vo Van Kiet, both leaders affirmed that they valued the longstanding relationship between Britain and Vietnam, which they described as friendly and cooperative.

Vietnam and Great Britain set up official diplomatic relations in 1973. In the past 20 years, the relationship between the two countries has undergone changes, but generally speaking it has been constantly consolidated and developed, particularly since the start of the renovation process in Vietnam. The two countries have exchanged high level visits. The visit to Great Britain by Vietnamese Prime Minister Vo Van Kiet in 1993, and the visits to Vietnam by the British secretary for foreign affairs and secretary of exchequer and Prince Anne Elizabeth [as heard], and now the former prime minister, Mr. Edward Heath, are important landmarks.

The British Government has given Vietnam effective assistance. It pressured U.S. Government to lift the embargo against Vietnam, and has granted $101 million for the implementation of the renovation process in Vietnam and the program for the integration of Vietnamese returnees. The British Government has also given many scholarships to Vietnamese students and officials of different economic sectors. Vietnam and Great Britain have signed many agreements, including those on avoidance of double taxation and air transportation.

On trade, two-way turnover between the two countries was $50 million in 1993, and it tripled in 1994. [Words indistinct] one of the major investors in Vietnam, with 16 projects worth $400 million. Worthy of note is that the British Government always grant relief to Vietnamese victims of natural calamities and poor people in mountainous areas.

Speaking to the former British prime minister, Prime Minister Vo Van Kiet affirmed that Vietnam attaches great importance to promoting time-honored cooperative ties with the United Kingdom. Prime Minister Vo Van Kiet and former Prime Minister of Britain Mr. Heath said that they would do everything within their power to see that bilateral relations in many fields improved to an even higher level.

PRC Chief of General Staff Ends Visit

BK2204121895 Hanoi VNA in English 0625 GMT 22 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 21.—Senior Lieutenant General Zhang Wannian member of the Central Military Committee and chief of the General Staff of the People's Liberation Army of China left Ho Chi Minh City this afternoon, ending his six-day friendship visit to Vietnam.

While here, Sr. Lt. Gen. Zhang Wannian and his party were received by Prime Minister Vo Van Kiet, Defence Minister Gen. Doan Khue and Deputy Defence Minister Sr. Lt. Gen. Dao Dinh Luyen. The Chinese guests paid a floral tribute to President Ho Chi Minh at his mausoleum, visited his home and office, and the Army museum. And they also toured several military units in Haiphong and Nha Rong ports and a number of historic and cultural relics in Hanoi and Ho Chi Minh City.

Development of Multisector Economy Noted

BK2304152095 Hanoi VNA in English 1435 GMT 23 Apr 95

["Vietnam's Multi-Sector Economy on the Upswing"—VNA headline]

[FBIS Transcribed Text] Hanoi VNA April 23—Vietnam has achieved economic growth of 7-8 per cent a year since 1989, and fulfilled many important production targets set out in the 1991-95 plan including crude oil, cement, and steel.

To achieve these results, the state has encouraged the development of the multi-sector economy with the state economic sector considered a key element. The state economic sector now has more than 6,000 enterprises, which own most state property. Of the total, about half are developing well because they have been restructured, and at the same time they have taken advantage of opportunities to renew their technology and equipment while cooperating with foreign countries.

According to the Finance Ministry's statistics, state-run enterprises achieved the highest turnover growth in 1994 in the industrial, finance, transport and communications sectors.

In addition, other economic sectors are also developing rapidly. However, in the market-oriented economy, the collective sector has faced many difficulties. Hence, at present it has only 6,000 cooperatives from a peak of more than 43,000 with over two million workhands.

Many joint-stock companies, liability, limited companies, private businesses and cooperative groups have been established, each with an average capital base of over 300 million VND [Vietnamese dong] (roughly 30,000 USD [U.S. dollars]).

Foreign Trade Results for 1994 Reported

BK2304134995 Hanoi VNA in English 0622 GMT 23 Apr 95

["Foreign Trade Surges With Open-Door Economic Policy"—VNA headline]

[FBIS Transcribed Text] Hanoi VNA April 23—Vietnam's import-export turnover grossed USD [U.S. dollars] 8.6 billion in 1994 from USD 1.25 billion in 1976, one year after the liberation, and USD 2.98 billion in 1986, the first year of implementing renovation policy. The increase in the 20 years since liberation is seven times.

In terms of exports the country earned only USD 222 million in 1976, 1.38 billion in 1988, 2.4 billion in 1990, and USD 3.6 billion in 1994, marking a rise of 16 times over the liberation year. In the first two months of this year, export turnover increase 44 per cent compared with the corresponding period last year.

However, Vietnam's foreign trade has experienced some ups and downs. In 1991, due to the losses of traditional ties with partners in the former Soviet Union and East European markets, its trade plummeted by USD 700 million, of which exports accounted for more than USD 300 million compared with the previous year. But it quickly rebounded the following year, and even surpassed the 1990 amount.

Today, there are more than 600 enterprises producing goods for export, with direct links to overseas buyers. A further 650 firms now operate as trading companies. About 40 commercial agencies have been established abroad while foreign companies have opened nearly 500 representative or branch offices here.

These developments are manifest the flexible, stable and dynamic nature of the open-door economic policy, which helped to overcome difficulties caused by the break of trade (?ties) with traditional partners by expanding its foothold to the markets in Singapore, Hong Kong, the Netherlands, the European Community, Thailand, Taiwan, South Korea, Japan, and others.

Apart from the broadening of trade links, Vietnam has also emphasised the importance to creating new export products. In 1985, ten years after the reunification of the country, Vietnam had not yet developed its oil and gas resources, but in 1990 it produced 2.6 million tonnes of crude oil, while output rose to 6.5 million tonnes in 1993 and 7 million tonnes last year.

With regard to food production, Vietnam has become a major rice exporter over the past six years. In the late 1980s it was a net importer of rice, but managed to export 1.4 million tonnes in 1989, rising to 1.95 million tonnes in 1992 and 2.2 million tonnes last year, making Vietnam the third biggest rice exporter in the world. The quality of rice has been improved over time, thus its price increased by USD 10/tonne compared with 1993. In the past ten years, the volume of coffee exports increased 16.5 times, achieving 158,520 tonnes in 1994 from 9,200 tonnes in 1985. Another earning source of the country is from the exportation of textile and garments, which increased from USD 57.4 million to USD 550 million over the same period.

In terms of imports, the most notable development in 1994 was in the balance between equipment and materials and consumer goods, with the former accounting for 87.5 per cent of the total. A number of commodities having high value now are imported in the complete knocked down form (CKD) or as accessories, hence saving hard currency, creating more jobs an opportunities for the importation of advanced-technology, while lowering the cost of these goods. The achievements were attributable to the improvement of the import-export management structure. Reforms include the adjustment of customs duty, the simplification of procedures, a reduction in the number of quotas to nine items from dozens in the past, and re-organizing import-export units with the aim of preventing disorder in the domestic and foreign markets.

National Assembly Closes 7th Session

BK2204080695 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 20 Apr 95

[Report by Dinh Khai]

[FBIS Translated Text] Dear friends: today was the last working day of the Ninth National Assembly Seventh Session. In the morning, the deputies worked in the Ba Dinh Conference Hall under the direction of National Assembly Vice Chairman Nguyen Ha Phan.

At the start of the last working day of the session, the National Assembly deputies heard Comrade Tran Xuan Gia, vice chairman of the State Planning Commission, who on behalf of the committee for compiling the draft law on state business, presented a summary of views contributed by the National Assembly deputies on this draft law. Next, Comrade Ly Tai Luan, chief of the National Assembly Budget Committee, on behalf of the committee for compiling the draft law on state business, read the text of the draft law chapter by chapter for the National Assembly deputies to review and contribute additional views for the last time before voting for the passage of each chapter. At the start of this afternoon session, the law on state business was adopted by the Ninth National Assembly Seventh Session.

Dear friends, the Ninth National Assembly Seventh Session held its closing meeting at 1440 this afternoon under the direction of National Assembly Chairman Nong Duc Manh. At the start of the closing session, Comrade Vu Mao, chief of the session secretariat, read the National Assembly's draft resolution on the need to continue implementing the 1995 tasks. The National Assembly adopted the resolution after the deputies had contributed additional views to it. Finally, Chairman Nong Duc Manh delivered the closing speech. He said:

[Begin Nong Duc Manh recording] Dear comrade party and state leaders, dear National Assembly deputies, distinguished guests, today, after more than 20 days of intensive work in a spirit of democracy and with high sense of responsibility toward the entire people, the National Assembly of the Socialist Republic of Vietnam [SRV] has successfully completed the agenda of its seventh session.

At this session, the National Assembly unanimously adopted the law on state business and the law on amending or supplementing a number of articles of the law on Vietnam civil aviation. The National Assembly devoted much of its time and efforts to contributing views on the draft law on mineral resources and on major issues relating to the civil code. The National Assembly also decided on the establishment of administrative courts within the system of people's courts and gave its advice on the draft law on amending or supplementing a number of articles of the law on organization of people's courts and administrative courts to make adequate preparations for the passage of the aforementioned laws at its next session.

Realities of the process of renovating all aspects of social life require our National Assembly not only to step up and improve the quality of legislative work and formulate a uniform and consistent legal system but also to make sure that once promulgated, legal documents have high enforceability so that they will be implemented in a serious and uniform manner.

At this session, being fully aware of that need and based on the fundamental concepts derived from the renovation line of the party and state as well as on the experiences drawn from real life situations and on the diversified views of voters and all sectors and echelons nationwide, the National Assembly seriously studied the contents of the various draft laws and complicated issues in which we still lack practical experience, such as the organization and management of state business operations in the multisectorial commodity economy and the organization of administrative courts to create the legal groundwork for the settlement of complaints and denunciations filed by citizens, agencies, and organizations against administrative decisions and actions of authoritative state organs and civil servants. The National Assembly devoted time to discussing ways to settle diversified issues relating to citizens' everyday activities in a way consistent with real life situations and needs. This was designed to formulate practical and reasonable regulations to be included in the various laws that had already been approved or to reach decisions that will help revive those draft laws still in the making.

For those laws that were just adopted by the National Assembly to be applied to life at an early date, the National Assembly requests the government and relevant agencies to promptly promulgate guidelines for implementation. It is necessary to ensure high quality for the aforementioned legal documents. At the same time, drastic measures must be taken to step up propaganda and educational activities to guarantee uniform and effective implementation of the aforementioned laws from the central down to grassroots levels.

The National Assembly entrusted the committees for drafting the civil code, the law on state business, the law on mineral resources, and the law on amending or supplementing a number articles of the law on organization of people's courts with the task of coordinating with the committees concerned of the National Assembly in continuing to perfect the aforementioned draft laws before submitting them to the National Assembly for consideration and approval at the next session.

In carrying out its duty to oversee the implementation of promulgated legal documents, the National Assembly reviewed the enforcement of the law on land so far and set forth a number of measures to ensure strict implementation of this law in the days ahead. The National Assembly stressed the need to take timely measures to settle land disputes and overcome the complicated situation concerning land sales and purchases, thus gradually restoring order in land use and management and ensuring effective and economical land use. Realities indicate that more and more urgent problems have emerged from land use and management. This calls for continued efforts to study and gradually perfect the state law and policy on land use and management.

At this session, the National Assembly devoted time to reviewing the implementation of the 1994 state budget and the National Assembly's resolution on carrying out the 1995 state budget to work out effective measures to settle a number of important problems concerning the current socioeconomic situation. The National Assembly appreciated the efforts of compatriots and combatants countrywide. So far, the guidance and supervision of the government and all sectors and echelons have brought about important changes, thereby contributing to the fulfillment of goals according to the resolution of the National Assembly.

To effectively materialize the objectives set by the resolution that the National Assembly just adopted on the need to continue implementing the 1995 tasks, the National Assembly maintained that along with stepping up production and business activities, we need at all costs to fulfill the budget revenue collection targets and fight against collection shortfalls. At the same time, it is absolutely necessary to practice thrift and make every effort to fight against wasteful spending and corruption, particularly in capital construction and many other important domains. It is imperative to try by all means to stabilize prices, especially the prices of food supplies, materials, and agricultural products.

The National Assembly attaches great importance to diplomatic activities; the consolidation of national defense and security capabilities; the broadening and enhancement of the effectiveness of scientific, educational, cultural, and social activities; and the improvement of all aspects of life of our ethnic minority compatriots and people who live in mountain regions, remote areas, and former revolutionary bases.

To effectively contribute to the implementation of the aforementioned key tasks, the National Assembly reminded the government and all sectors and echelons of the need to take positive steps to build and perfect the state apparatus with priority efforts being made to accelerate the reform of the state administrative system. As an immediate objective, steps must be taken to improve administrative procedures by reducing unnecessary steps because they inconvenience the people. It is necessary to link the enforcement of state law and the building of a pure, firm, powerful, and efficient state to the promotion of socioeconomic development and the struggle against corruption and smuggling.

The fine success of the Ninth National Assembly Seventh Session must be attributed to the positive contributions of broad sections of voters countrywide, National Assembly deputies, National Assembly committees, the government, sectors and echelons, mass societies, comrade veteran revolutionaries, and National Assembly deputies of the previous terms. It must also be attributed to the active preparations that news agencies, press organs, and service providers made during and before the National Assembly session. The National Assembly sincerely thanks everyone for their valuable contributions.

For the sake of national industrialization and modernization and the goals of making the people rich and the country powerful and of bringing about justice and civilization to society, the National Assembly calls on compatriots and combatants countrywide and compatriots in foreign countries to achieve unanimity of mind and action, develop the fine national traditions, make every effort to bring into play advantages, overcome difficulties and challenges, work diligently to boost production, reduce spending, concentrate capital on investment for development, and heighten the determination to successfully implement the 1995 tasks and contribute to taking the cause of national renovation to a higher level of development.

It is my firm belief that as people's representatives, National Assembly deputies will uphold their exemplary role and work together with the people and all sectors and echelons countrywide in successfully implementing the National Assembly's resolution. This is a practical way of commemorating the major anniversaries in 1995, first of all, the 20th anniversary of the complete victory of the anti-U.S. resistance for national salvation and unification and then the 105th birthday of our venerated Uncle Ho.

I wish good health to our comrade party and state leaders, National Assembly deputies, and distinguished guests. I would like to declare the Ninth National Assembly Seventh Session closed. Thank you for your attention, comrades. [prolonged applause] [end recording]

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